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# Free Trade Agreements & the Dairy Sector

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## What I Will Talk About

- What Is A Free Trade Agreement (FTA) and why Countries negotiate them.
- What The WTO Says About FTAs
- How FTAs are negotiated & how industry can be heard
- The EU's future FTA agenda
- How the dairy sector is treated in FTAs... and how to maximise FTA benefits



## What Is an FTA/RTA?

- An international agreement between two or more countries or regions to remove tariffs = free trade. Example: the EU-Canada FTA
- This makes it easier to sell goods and services to the partner country.
- They are not the same as Customs Unions – unlike in a CU, FTA partners do not harmonise their external tariff towards other countries. The EU is a good example of a Customs Union.



# Why Do Countries Negotiate FTA's?

- To improve access to another country's market. Example: EU-Korea for beef, dairy and cars...
- To gain a « first mover » advantage over countries without an FTA eg EU-Mercosur
- To integrate regional economies and supply chains eg EU-EEA, EU-UK, USMCA...
- To strengthen economic and political ties with countries sharing similar values  
Examples: EU-Canada, Aus-NZ.
- To help developing countries by giving them improved market access Example: EU-South Africa Development Community (SADC); EBA and other EU preferential schemes.

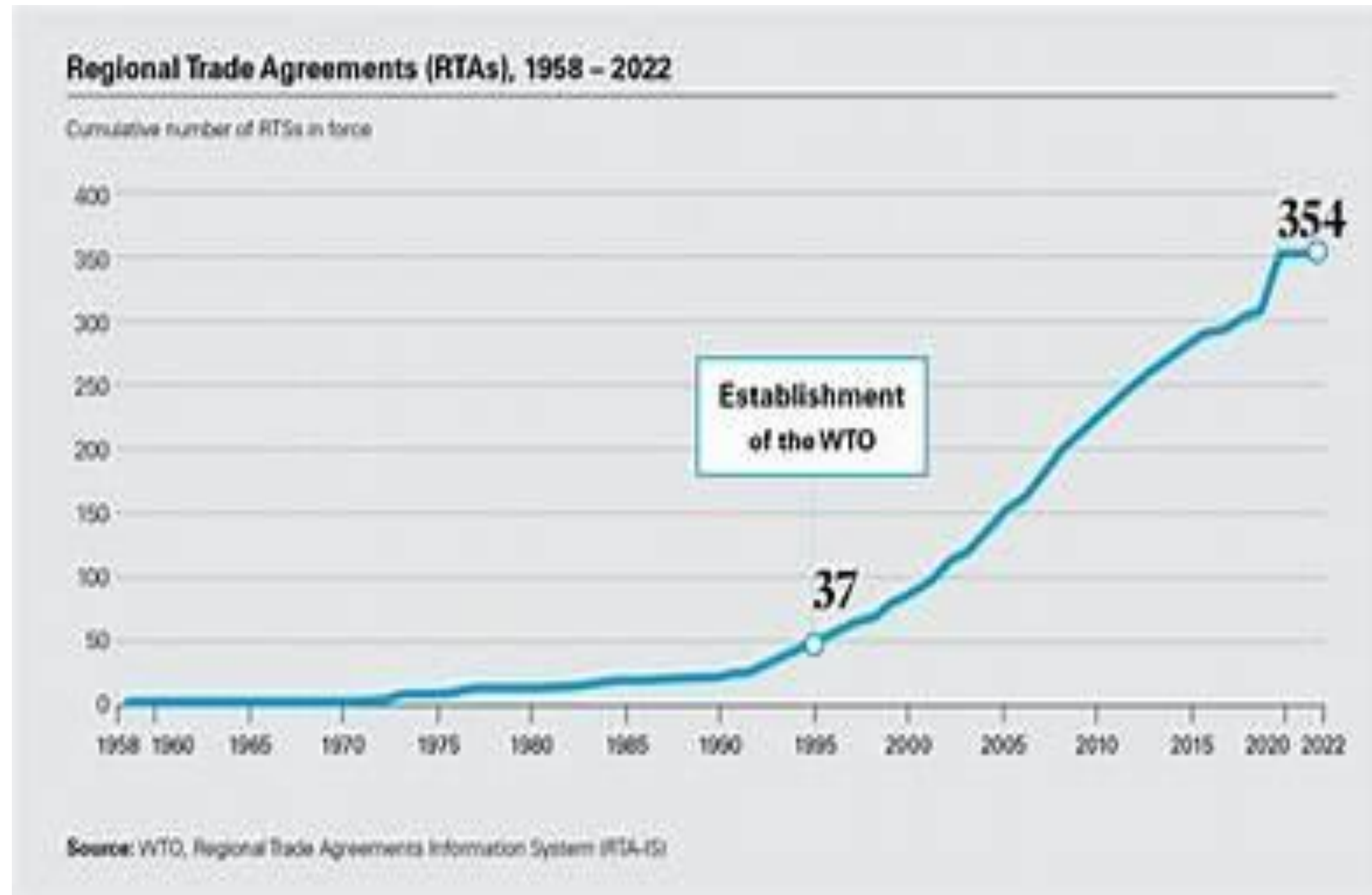


## What Does The WTO Say About RTA/FTAs?

- RTAs are an exception to MFN
- RTAs must cover “substantially all trade” – GATT Article XXIV/ GATS Article V.
- Non-parties to an FTA must not be made worse off. The “do no harm” principle.
- GATT allows unilateral preferences for developing countries esp. LDCs
- The WTO Committee on Regional Trade Agreements (CRTA) evaluates the WTO-consistency of every RTA.
- Unforeseen proliferation of FTAs



# Proliferation of FTAs/RTAs



# Content and Scope of FTAs

- **Substantially All Trade –elimination of tariffs and « other restrictive regulations of commerce » such as volume restrictions to export or import.**
- **« substantially all trade » Not defined in the WTO. EU approach: at least 90% of trade and tariff lines liberalised. In practice up to 98-99%.**
- **Asymmetrical offers to developing country partners eg EU 100%, African low-income partners 80%.**
- **Most EU FTAs go well beyond tariffs and trade in goods - services, investment, good regulatory practice, SPS, TBT, procurement, IPR/GI protection, digital, sustainable development, SMEs...Many of these areas impact dairy trade.**
- **Developing country FTAs usually more limited in terms of degree of liberalisation and subject scope.**





# Example: The Scope of the EU-New Zealand FTA

- Chapter 1 Initial Provisions
- Chapter 2 NT and Market Access for Goods
- Chapter 3 Rules of Origin (+ 3 sub sections)
- Chapter 4 Customs and Trade Facilitation
- Chapter 5 Trade Remedies
- Chapter 6 SPS
- Chapter 7 Sustainable Food Systems
- Chapter 8 Animal Welfare
- Chapter 9 Technical Barriers To Trade
- Chapter 10 Trade in Services and Investment (with 6 sections and several sub sections)
- Chapter 11 Capital Movements payments and transfers
- Chapter 12 Digital Trade
- Chapter 13 Energy and Raw Materials
- Chapter 14 Public Procurement
- Chapter 15 Competition Policy
- Chapter 16 Subsidies
- Chapter 17 State owned enterprises
- Chapter 18 Intellectual Property (+ 8 sub sections)
- Chapter 19 Trade and Sustainable Development
- Chapter 20 Maori Trade and Economic Cooperation
- Chapter 21 SMEs
- Chapter 22 Good Regulatory Practices and Regulatory Cooperation
- Chapter 23 Transparency
- Chapter 24 Institutional Provisions
- Chapter 25 Exceptions and General Provisions
- Chapter 26 Dispute Settlement (with 5 sub sections)
- Chapter 26 Final Provisions
- + 36 Annexes

# How FTAs are Negotiated and opportunities for industry influence

- Political agreement to launch negotiations. Obtaining a negotiating mandate.
- Setting up the negotiating teams
- Launch of Negotiations + Decisions on « modalities »
- Negotiating Rounds... initial offers and requests. Typically a 5 stage process: explanation, negotiation, drafting, political conclusion, ratification.
- Endgame negotiations – return to the political level for final decisions. Dairy volumes frequently among the last open issues.
- Legal scrubbing of the Agreement, translation, adoption and ratification. Quota management rules





# **The Changing Context of the EU's Recent Free Trade Agreements**

- **2025 Trump factor: pursue FTAs to diversify trade (even if it means cut-backs on market access, procurement, services and other classic priorities)**
- **Domestic EU backlash against “Green Deal” - third countries unwillingness to buy into the EU's sustainability agenda**
- **Digital agenda - eg no duties on e-commerce - now a standard feature of the EU's recent FTAs**
- **Economic Security - “de-risking”, supply chain security eg for CRMs, removing export taxes or restrictions - increasingly driving the design of FTAs and choice of partners.**
- **Regulatory cooperation - as opposed to just market access - a growing priority of recent FTAs, including in the food space.**



# FTAs are Less About Market Access, More about Regulatory Cooperation

- Rules and standards in the SPS & TBT Areas
- Mutual recognition of testing and certification
- Non Tariff Barriers' removal
- GI protection
- Animal Welfare standards - harmonisation & cooperation
- Food Systems cooperation following the 2021 UN Summit
- Good Regulatory Practices
- Transparency
- Trade facilitation and customs clearance rules
- SME commitments
- Business and civil society dialogues



**ALL THESE REGULATORY FIELDS HAVE A DIRECT, POSITIVE IMPACT ON TWO-WAY DAIRY TRADE, DAIRY BEING A HEAVILY REGULATED PRODUCT. THE SECTOR MUST BE AN ACTIVE PARTNER IN THEM ALL**



## Latest EU FTAs: Where we are in the Process?

**EU-Mercosur:** Negotiations finalised in 2025 (mostly concluded in 2019). Provisionally applied from 1 May 2026. End of a 25 year process? EP ratification pending and uncertain. **Dairy subject to quotas on both sides. 344 EU GIs protected.**

**EU Mexico Global Agreement:** An upgrade from early 2000s FTA. Signature last month, triggering EP ratification process. Large **Mexican quotas on EU dairy exports, no concessions on the EU side. GI protection for foodstuffs.**

**EU-Indonesia** Negotiations finalised in September 2025. **Entry into force expected early 2027**  
**Dairy not very sensitive in either direction so no quotas or duties on any dairy except for a few “other dairy” products entering Indonesia. Strong GI protection.**

**EU-India FTA:** Negotiations concluded on 27 January 2026. Text available. **Dairy wholly excluded. No GI protection yet (separate agreement negotiation, slow).**

**EU-ESA 4:** political conclusion last month. **Dairy largely excluded**

**Thailand, Philippines, Malaysia** – conclusion expected by mid 2027. Good ASEAN concessions expected for dairy, as well as GI protection. Poultry, palm oil and sugar will be problematic.



## How Dairy is Treated in the EU's FTAs

- Traditionally a “sensitive” sector, usually for the EU’s partners. For example Canada, Korea, Japan, Mercosur - quotas (usually duty free) on EU cheeses, infant formula, SMP/WMP, butter etc.
- Excluded totally from some agreements eg India, W Africa due to enormous sensitivities over Europe’s competitiveness.
- EU-NZ the exception: the EU put quotas on NZ dairy exports
- Most EU FTAs have comprehensive GI chapters that protect European GI cheeses and butter. With Japan the rules on slicing and packaging for Grana Padano and Parmiggiano Reggiano were waived to allow Japan to process in Japan for its consumers.

## Europe's Dairy Sector Position on EU FTAs

*« The European Dairy Association (EDA) applauds the landmark trade deal between the **European Union and Mercosur**...a significant milestone after two decades of negotiations. This agreement, involving over 780 million citizens, highlights the EU's commitment to fostering robust international trade and mutual economic growth »*

*«CETA, the free trade agreement with **Canada**, supports the Dynamic European dairy sector... giving more access for European cheese producers is an important gain... »*



*« Current market access conditions prevent EU dairy exports to **Mexico** from reaching their full potential. EDA welcomes progress on the modernised agreement and looks forward to its ratification»*

# The Americas – Uncorking the Potential of European Dairy & Wine Excellence



*EU Commissioner Christophe Hansen (centre) with (from right to left) Dr Ignacio Sánchez Recarte (CEO CEEV), Marzia Varvaglione (CEEV President), MEP Dario Nardella, MEP Juan Ignacio Zoido Álvarez, DDG Leopoldo Rubinacci and EDA's Alexander Anton*

## Conclusions (1)

- FTAs are easy to launch but hard to conclude – for many reasons (political changes, electoral cycles, changed priorities, protectionism, new challenges eg climate, energy security...)
- But here to stay. 45 agreements with 80 partners. 70% of EU trade will be preferential by 2030. Only US, Russia, China, Mongolia and Taiwan outside the FTA network...
- Inter-regional and « mega » FTAs on the increase in last fifteen years
- GATT/WTO never anticipated the proliferation of FTAs esp inter-regionals
- More and more developing countries are concluding FTAs – eg AcFTA, India. **EU-Africa has massive potential for dairy in future.**

## Conclusions (2)

- Economic security and supply chain security now a key aim in recent FTAs.
- More EU realism in many traditional areas – notably sustainability, tariffs, procurement, and the scope of dispute settlement
- EU FTAs increasingly turned into regulatory platforms - **Crucial for agricultural and dairy trade.**
- For the **EU dairy sector FTAs are not a panacea but have benefited EU exports and GI protection** – esp Canada and Japan. And Mercosur and Mexico to come... FTAs need to be seen as a long term investment built on regulatory convergence and trust.
- The dairy industry can engage with the EU negotiators and **influence the outcomes of FTAs**



**Thanks for listening... and follow up**

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