

## **EU-Canada's Tentative Trade Deal**

On October 18<sup>th</sup>, Canada's Prime Minister Stephen Harper, joined European Commission President, Jose Manuel Barroso, in Brussels to sign a tentative deal on the Comprehensive Economic and Trade Agreement (CETA) which still requires additional discussions on some elements before being presented to each party's parliament for ratification.

"With today's announcement of the successful conclusion of negotiations for a Comprehensive Economic and Trade Agreement (CETA), we have taken a crucial step forward in strengthening relations between the European Union and Canada," the leaders said in a joint declaration.

"We are now committed to finalizing the remaining technical and legal work expeditiously, so that it can be formally concluded as soon as possible."

This "agreement in principle" which once implemented is expected to boost trade in goods and services by CAD \$38 billion (about €26 billion), has essentially reached a successful conclusion on what was considered the most contentious issues, including market access for sensitive agricultural products such as dairy to Canada, and beef, pork, and sweet corn to the EU.

Both sides have accepted to grant new market access in the form of tariff rate quotas (TRQ) that would amount to further increase of 1% and 1.9% of Canada's and the EU's respective sensitive tariff lines. In concrete terms, this would mean that the EU will enjoy an additional access of 18,000 tons of cheese into Canada (16,500 tons of high-quality cheese and 1,700 tons of industrial cheese), while Canadian beef producers will have access to ship 50,000 tons of "hormone-free" beef (35,000 tons of fresh beef and 15,000 tons of frozen beef) into the EU. Canadian pork producers will also see their access increase to 75,000 tons while a TRQ of 8,000 tons for sweet corn will be put in place.

Producer associations on both sides expressed concerns with respect to the agreed TRQ volumes. Dairy Farmers of Canada (DFC) stressed that the agreement will result in a loss of Canada's "small, artisan and local cheese makers and a world-leading industry with top quality products – within a short time frame."

"If this deal proceeds, the Canadian government will have given the EU an additional exclusive access of 32% of the current fine cheese market in Canada, over and above the existing generous access (...) The EU already has a large proportion of the Canadian cheese market. Canada's TRQ already allows imports of 20,412 tonnes of cheese tariff-free. Two-thirds of that is already allocated to the EU. Consumers will not see any difference in price as a result of this CETA giveaway as the vast majority of EU cheese already comes into Canada with little or no tariffs," DFC's statement stressed.

On the other side, the organization for European Farmers and Agri-Cooperatives (Copa-Cogeca) "the EU has agreed to give increased market access for large volumes of beef meat and pigmeat which is unacceptable even if it is hormone-free," said Cogeca President Christian Pees.

"This is something we want EU Ministers and MEPs to look at when they approve the final deal. Beef is a sensitive product for us, and EU beef production is under threat. Imports would increase substantially as a result of this deal," he claimed adding that Copa-Cogeca would have liked seeing a "better division" between fresh and frozen beef "in favour of frozen beef."

Once implemented, the CETA agreement will liberalize 92.8 % and 93.5 % of Canada and EU agricultural tariff lines.

## **Geographical Indications (GI)**

Another section of the agreement that is favorable to the EU, comes in the form of Canadian recognition of the EU GI system.

“We have seen progress in some areas, for instance on recognition of EU production and quality standards like Geographical Indications. This is a good step forward. It’s the first major trading partner that has recognised the principle of our system of GI, despite some shortcomings” said Copa President, Albert Jan Maat.

Within this tentative deal, Canada has agreed to recognize 145 GI names. The negotiations were once stuck over five litigious cheese names (Gorgonzola, Feta, Muenster, Asiago and Fontina) commonly sold by Canadian cheese makers. The agreement will allow current cheeses marketed under those five names to continue being sold in Canada as long as their respective label does not contain any direct reference or resemblance with existing EU versions. For instance “Feta” cheeses may continue to be marketed as “Feta”, but any reference to Greek flags or alphabet will not be allowed on the label. Furthermore, any new products will have to use the description of “Feta-like” or “Feta-style” on its tag to be marketed in Canada.

In addition, Canada also agreed to protect GI products that are marketed under European languages such “Parmigiano Reggiano.” However, cheese products marketed under French or English translation of Parmigiano Reggiano, i.e. “Parmesan” will not require changes to continue selling in Canada.

“The deal is a big win for the EU on GI, and sets an important precedent for multi-lateral trade talks,” the Commission stated in a fact sheet, making allusion to upcoming bilateral negotiations with Japan and the U.S.

Negotiators will now focus on finalizing the text which will then be reviewed by trade lawyers before being translated into the EU’s 24 languages and submitted to both countries’ parliament for ratification. The agreement is not expected to enter into force before 2015.

## **Trade Facilitation – Still “Debating Rather than Negotiating”**

After two days of intensive consultations on trade facilitation (TF) that were held on October 16-17, the chair of the negotiating group, Ambassador Eduardo Sperisen-Yurt, of Guatemala, said he believes a good result was achievable at the WTO’s 9<sup>th</sup> Ministerial Conference (MC9) in Bali this upcoming December, but Members need to continue to show flexibility on some of the issues under consideration in this area of the Bali Package.

More work is needed on several issues of section I of the text dealing with the technical aspects of the TF negotiations including publication and availability of information, formalities and documentation requirements, single window, rejected goods, fees and charges, goods in transit, and expedited shipments. On this section the friends of the chair – ambassadors Mario Matus of Chile, Remigi Winzap of Switzerland and Michael Stone of Hong Kong, described the progress made thus far as “cosmetic” according to one official close to the negotiations. The main problem here remain which commitments both developed and developing countries would consider as binding, and which ones would be subject to their best endeavour.

The division between developed and developing countries still remain vivid on Section II (special and differential treatment, technical assistance, and capacity building). Developed countries like the EU said they are not in position to provide developing members with a “blank cheque” – in reference to the financial and technical assistance developed countries would provide developing members to help them implement the agreement – if indeed those receiving that financial help refuse to make their commitment binding.

On October 13<sup>th</sup>, the World Bank, the International Monetary Fund, along with five others banking institutions, have agreed to provide financial support to help developing countries implementing their trade facilitation commitments. However, last week, Argentina, Bolivia, Cuba, Ecuador, Nicaragua and Venezuela circulated a draft proposal opening the door for developing countries to “opt-out” of the Agreement if financial, technical assistance promised by developed countries was not provided.

In his concluding remarks, Ambassador Eduardo Sperisen-Yurt stressed that Members were still “very far” from reaching an agreement on trade facilitation. As time is running out before the self imposed deadline of end of October to find a deal on the Bali package, Ambassador Sperisen-Yurt called for more participation at the political level as well as an intensification of the work of small groups.

## Upcoming Events

- Intensive Consultations on Bali Package, October 14–31, 2013
- Deadline for Bali Package, October 31, 2013
- General Council, Nov. 5-6, 2013
- WTO 9<sup>th</sup> Ministerial Conference (MC9), December 3–6, 2013, Bali (Indonesia)

Geneva Watch is published by Dairy Farmers of Canada, Chicken Farmers of Canada, Egg Farmers of Canada, Turkey Farmers of Canada and Canadian Hatching Egg Producers to report on the various events occurring in Geneva, particularly on the WTO negotiations on agriculture.

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