

**Note of the FR, BG, ES delegations on the administration of tariff rate quota in the framework of the comprehensive economic and trade agreement between the European Union and Canada**

In spite of the political agreement concluded on October 18th 2013, many systemic points remain unsettled in the framework of the negotiation of the comprehensive economic and trade agreement between the European Union and Canada. If negotiators agree on the volume of the allocated TRQ for sensitive products, the administration and the phasing-in of these TRQ are not yet set up. Regarding important parameters to evaluate the outcome of the negotiation, the delegations would like to make the following statements.

**1/ The current Canadian administration of cheese TRQ limits market access for European operators.** It is based on an allocation of licenses that benefits to 12 license holders. Four of them are Canadian exporting operators amounting to 60% of European cheese importation. If they exceed their TRQ, the 8 other holders have necessarily to deal with one of the four Canadian operators to be able to continue importing and distributing European cheese. This leads to an additional cost of 7 to 8 \$CA/Kg for both import and distribution and increases the price of European cheese on Canadian market for the benefit of the main holders who take advantage of a guaranteed income.

If the 18 000 tons of cheese allocated in the framework of CETA had to be administered in this way, it would significantly reduce the economic interest for European operators in limiting market access opportunities.

**2/ On the other way, an administration on a first-come/ first-served basis for the beef, pork and sweet corn TRQ would make the access to European market easier for Canadian producers.**

The administration of TRQ allocated to Canada is still in discussion but it seems clear that the concerned Canadian operators are going to plead for a fluid administration that enables them to fill the TRQ without any transaction cost with the rhythm which suits them.

In such a scenario, the European producers of meat are afraid of a massive import of products under TRQ and of a concentration over a short period, which would destabilize the market.

**3/ An administration on a first-come/ first-served basis can be envisaged on the condition of reciprocity and by exploring the arrangements susceptible to smooth flows.**

The delegations are not unfavourable to the adoption of an administration on a "first come, first served" basis; this system allows at the same time to simplify the administrative burden and to avoid certain speculative behavior.

However from the point of view of the delegations, such a management device cannot be held for beef, pork and sweet corn TRQ unless the European cheese TRQ is submitted to the same rules.

This requirement of reciprocity has to allow to guarantee a just and fair access to our respective markets.

Moreover to avoid massive import over a short period, which is what fear European producers, a monthly administration of TRQ on the first-come/ first-served basis would allow to spread the imports with a sub-division of the TRQ and eventually adjournment.

If Canada refuses to choose this a first-come/ first-served system of administration for cheese TRQ (existing and new ones), **the delegations** wish that the European Union adopts mutually for pork, beef and soft corn TRQ a similar way of administration.

The European industry of beef, pork and soft corn regrets the volume of the TRQ granted to Canada and an asymmetrical TRQ administration would strengthen their feeling not to have been taken into account.

Finally, **the delegations** also worry about the Canadian draft regulation regarding imported food which will require importers to ask for a license to import some kinds of food products./.