

Date

Mr. Karel De Gucht
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Copy to:

- Jean-Luc Demarty, Director General, DG TRADE, European Commission, rue de la Loi 170, B-1049 Brussels;
- Joao Aguiar Machado, Deputy Director General, DG TRADE, European Commission, rue de la Loi 170, B-1049 Brussels;
- António José Cabral, Advisor in the Cabinet of President José Manuel Barroso, European Commission, rue de la Loi 200, B-1049 Brussels.

Re: Market access package for sensitive agricultural commodities negotiated with Canada (CETA)

Dear Commissioner,

Last October, President Barroso announced jointly with the Canadian Prime Minister a political deal on bilateral free-trade agreement.

We recognize the unprecedented opportunities that this agreement may represent for growth and employment.

Nonetheless, we would like to draw your attention to the market access package for sensitive agricultural commodities that is currently under negotiation with Canada from a technical point of view.

The volume granted under the duty-free tariff quotas, i.e. 50,000 tonnes of beef and 75,000 tonnes of pork worth more than €672 million, has the potential to impact on the market balance for agricultural commodities in the EU and the 500,000 of jobs that derive from the livestock farming activities.

We are therefore writing to you to emphasize the importance of the management of the tariff rate quotas (TRQs).

The Canadian negotiators would like to impose the 'First Come First Served' (FCFS) principle.

It seems clear that they are going to plead for a fluid administration that enables their economic operators to fill the TRQs without any transaction cost at a pace which suits them.

Now, the size of Canadian companies in the meat sector is much larger than SMEs in the EU. As a result, the FCFS approach will generate unfair competition between economic operators. In fact, multinational companies in Canada would be in a position to manage the export and import trade, while SMEs in the EU would suffer from this imbalance and EU jobs would be affected.

Moreover, these multinational companies will also control the prices that will be dictated mainly by the considerations of the exporting country and not by the economic situation prevailing in the importing country, to the detriment of livestock farmers in the EU and their income which is among the lowest in the agricultural sector.

Finally, we fear that the Canadian model will also give a basis for the upcoming TTIP negotiation. The issue of multinational companies is larger in the USA. Therefore, the risk for the EU SMEs will be even greater.

We strongly advocate that TRQs for sensitive products are not administered on the First Come First Served (FCFS) principle but with import licences. Import licences will contribute to fair competition among economic operators, which is of paramount importance for EU enterprises. Moreover, import licences will make it possible for farmers to anticipate the evolution of the market so that they will adapt their production accordingly, thus avoiding potential EU budgetary issues when having to manage market failures.

Yours sincerely,