CIRC 2013/04/TRADE

To all members

Brussels, 4th November 2013

Report of meetings organised on 4th November 2013 at DG TRADE

Main conclusions from the meeting with DG TRADE COMMUNUCATION are the following:
- DG TRADE still reflecting on creating a group of 'advisers' to trade negotiators in the context of TTIP;
- CELCAA could potentially be part of the DG TRADE CONTACT GROUP.

Main conclusions from the meeting with DG TRADE EU-CANADA (Philipp Dupuis, Deputy Head of Unit, Canada) are the following:
- EU-CANADA FTA likely to enter into force around January 2016;
- EU-CANADA: there would be 4 phases/ steps for implementation of trade concessions: at 0- when entering into force, at +3years; at+5 years and at +7 years;
- Question on allocation method for quotas still open (ie- either on first come first served or based on historical references).

1st meeting: general overview and issue of transparency/ dialogue with EU operators

Participants in the meeting:
- Olivier de Laroussihle, Head of Unit, Communication, Relations with civil society
- Montserrat Gago De la Mata, Coordinator relations with civil society

Celcaa:
- Bart Van Belleghem, Eucolait
- Jean-Luc Mériaux, UECBV
- Pascale Rouhier, Celcaa secretariat

On EU-Japan: during the last round of negotiations last week of october, Japanese side seems to have shown some flexibility on agriculture. EU has given themselves one year to conclude an ambitious FTA with Japan - if Japan is not ambitious enough, EU will suspend negotiations.

CELCAA: EU should not lose sight that the US, Australia and New Zealand in process of negotiating TTP. US seems rather optimistic to negotiate a deal with Japan in the next 5 to 6 months. EU ambitions should be at least to have same market access than US, NZ and AUST.

On Civil Society advisers: DG TRADE confirmed that the negotiator in Chief, Ignacio Bercero, has had the idea to create a group of close 'advisers' to the negotiators in the context of the TTIP. The idea is still there at DG AGRI but the modalities are under discussion. To recall, the US negotiators are advised on a regular basis and during the negotiations by US operators/advisers taking part of the negotiations. CELCAA will follow closely on this and will report.

On EU-USA, second round of negotiations will take place week of 11-15 November. A dialogue with civil society is organised by TTIP negotiators on 15.11. For registration: http://trade.ec.europa.eu/doclib/press/index.cfm?id=982. On the agenda of the negotiations: services, investment, energy and regulatory issues.

CELCAA Secretariat
info@celcaa.eu
p.rouhier@celca.eu
M : + 0488368347
https://twitter.com/celcaa

On transparency: DG TRADE has appointed Denis Redonet as chief communicator in the negotiator team - so as to improve transparency between trade negotiators and civil society.

On Contact group: CELCAA asked to be part of the contact group of civil society dialogue. DG TRADE took note and recommended to contact the relevant stakeholder's members of this group.

2nd meeting: Objective of the meeting: Exchange of views with Philipp Dupuis, DG TRADE, EU –Canada FTA, on process and way forward on EU-Canada FTA

Participants in the meeting:
- Philipp Dupuis, Deputy Head of Unit, Canada, DG TRADE
- Flavia Bernardini, DG Trade, Agriculture questions
- Annette Grunberg, DG TRADE, EU-Canada

Celcaa:
Jean Luc Mériaux, UECBV
Sylvain Naulain, Comité Vin
Alice O'Donovan, Eucolait
Pascale Rouhier, CELCAA

Context and process:
18.10 agreement at political level was reached. At technical level, still some issues to be discussed and negotiated, such as definitions, mutual recognitions, legal issues on investment protection to deal with, etc but at technical level and not political level any more.

January 2014 final texts of the agreement should be accessible. Legal scrutiny will take +/_ 6 months. So paraphs/ signatures of the legal texts by both parties should take place by summer 2014. Text will be then translated into 23 official languages of the EU and sent to Council for adoption and EP for ascent. (Canadian side wants to check the 23 translations of the text).

Based on previous experience, from the end of the negotiations to the implementation, two years are needed – so implementations should take place around January 2016.

Answering questions from CELCAA, COM confirmed that the modalities are still open to negotiations. For agricultural products, TRQs have been negotiated. However, the modalities are still open questions; i.e periodicity; method(s) of allocation of quotas (first-come-first-served or based on historical references). At present, COM has not have internal discussion between DG TRADE negotiators and DG AGRI on the allocation method for the TRQs.

Context: Canada is likely to raise concerns regarding possible direct phasing out of the TRQs for cheeses so one could imagine that Canada will fight for historical reference or at least gradualism of the TRQ.

On implementation of trade preferences, EU and Canada negotiated 4 steps in the implementation of the trade concessions: when agreement comes into implementation (January 2016); + 3 years; + 5 years; + 7 years.

Some **technical issues** are still open and to be seen if, if no negotiations outcome, COM could possibly use the Dispute Settlement Mechanism included in the FTA. At this stage of the negotiations, there is no calendar of work to try to find common compromise on the outstanding issues but there is a possibility for negotiators to come back to these points at a later stage.

Answering the question on whether this FTA will set a precedent for the EU-USA TTIP, Commission was reserved in its answer: it is a balanced agreement that EU reached with Canada. EU won on certain points (GIs' system recognition from Canadian side; compromised agreement on rules of origin especially on PAPS (: processed agriculture products like chocolate, oil; etc) and that could help setting a precedent with the US but at the same time, US is not the same market (ie population) nor the same paradigm. So difficult to say at this stage.

What is welcomed from CELCAA/ UECBV at this stage: exchange of letters between parties to allow export of EU meat (beef and veal) so far impacted by measures from the US on BSE. UECBV: indeed export opportunities from EU operators to Canada and USA but should know it is a niche for high quality products (like veal or certain part of beef and depending on origin/quality – ie Irish beef).

On the question of modalities of TRQs: On dairy products, cheeses in particular; EU negotiators negotiates two types of TRQs: High value added and 'industrialised cheeses'.

Eucolait expressed concerns regarding this classification. DG TRADE: largest quota negotiated was the one on value added cheeses. Value added cheeses does not mean GIs cheeses only, this is much broader than than and include quality cheese in general. For industrialised cheeses, a small quota of 1,700 t has been negotiated (so cheese for processing, the cheese where the minimum import duties apply on 0406 but for value added cheeses, much larger quota.

DG TRADE asked the preferences from traders to have TRQs managed on first-come-first-served basis or on historical preferences. DG TRADE confirmed to CELCAA that at this stage, the questions on how to allocate TRQs and how to manage it are still open.

UECBV asked that DG AGRI be responsible of the import licenses (and not a system managed by DG TAXUD), to guarantee a as smooth as possible market access for exports of meat to the EU, ie as it will impact markets and therefore markets management. Operators should have best visibility and predictability; hence an import-license system managed by DG AGRI.

***

Based on leaked document dated June 2013 circulated at Trade Policy Committee:

On EU-Canada deal on GIs:
Protection of all types of food products beyond wines and spirits (leaving out only agri non-food products like cork, wool, etc.).
- Protection at Article 23 TRIPs high level of protection also for non-wines and spirits.
- Allowing additional GIs to be added in the future.
- We are also confident that CAN will accept our request for the inclusion of GIs in the scope of border measures.
- Enforcement will be ensured through judicial remedies and administrative enforcement.
- Majority of the 149 GIs requested by EU have been accepted by CAN.
- A solution to the "genericness under translation" problem for some names in translation that can continue to be used in CAN has been found, without identifying names as generic.

On EU-Canada deal on rules of origin:
- The horizontal rules have been largely agreed with only few outstanding issues.
- Product specific rules have also been largely agreed (agreed in fisheries, agri/PAPs and for most industrial products), to the extent possible based on the EU's standard rules. For a small number of sectors of particular (more political than economic) sensitivity (cars, textiles, fish and some agricultural/processed agricultural products incl. products with high sugar content, confectionary and chocolates, certain processed foods and cat/dog food) a compromise in the form of a limited derogation was necessary. Accepting a derogation for a limited quantity on these products allowed us to maintain otherwise the EU general rule. For fish there is an agreement as part of the fisheries package (see above).
- Agreement has also been reached on the prohibition of duty drawback.

On EU-Canada deal on PAPS (Processed agricultural products):
CAN offer:
- CAN has agreed to liberalise approximately 92% of tariff lines; the remainder (dairy, poultry, eggs)

would be either excluded or opened through a TRQ.
EU offer:
- The EU has agreed to liberalise approximately 96% of tariff lines; the remainder (beef, pork and sweet corn) will be either excluded or opened through a TRQ.
On PAPs more specifically, CAN has a trade deficit with the EU for almost all products. PAPs serve as one of the main agricultural exports from the EU to CAN. With 99.4% of the PAPs tariff lines liberalised, the EU PAPs industry is expected to considerably gain from CETA. Wines and spirits also deserve a special consideration within the PAPs group for their particular export relevance. The EU is CAN's major import source of wine – about half of its imports – while beer, wine, spirits, vinegar, and ethanol combined represent about 45% of the EU agri-food exports to Canada (av. 09-11). The tariff elimination coupled with the removal of some relevant trade barriers is expected to contribute to improving the existing positive trade balance.

On EU-Canada wine and spirits
- A good outcome has been achieved on the following priorities (subject to confirmation of the agricultural package as a whole):
(1) Wines and Spirits Agreement: The incorporation of the wines and spirits Agreement into CETA has been agreed. As a result, the Wines and Spirits Agreement will be made subject to the dispute settlement procedure, in itself a significant achievement.
(2) Private outlets (small alternative to the monopoly of the Provincial Liquor Boards but only open to Canadian producers): Agreement has been reached on a standstill on the number of private outlets.
(3) Out-of-province activities of certain Liquor Boards (including in third markets, with risks of crosssubsidisation and unfair competition): Agreement has been reached on the rules based on the anti-competitive impact of these activities.
(4) Cost of Service Differential (COSD) (higher service fees imposed by the Liquor Boards on imported wines and spirits): Informal agreement was reached that the COSD would not anymore be applied on an ad-valorem basis, but based on volume (the ad-valorem basis is to the disadvantage of imports from the EU which are on average of a higher value than imports from third countries or CAN products)

On EU-Canada deal on SPS issues
The chapter is basically agreed, with the understanding that:
a) The Veterinary Agreement will be fully integrated into CETA. The integration will improve predictability as:
i) CETA offers a higher degree of legal certainty and engagement by Canada than the
- There is still the need to finetune Annexes, namely Annex V on the equivalency recognition status. The work between SANCO and CFIA of repopulating Annex V
Veterinary Agreement; and
ii) All SPS matters, including those covered by the Veterinary Agreement will, under CETA, be subject to Dispute Settlement.
b) All SPS market access issues will be handled within the institutional structure of CETA;
c) There is agreement on procedural steps that would facilitate the approval process of plant products by CAN (based on the EU understanding of the IPPC obligations). The outcome of the negotiations is a step forward particularly with respect to phytosanitary matters because the EU will benefit from a better predictability as regards exports of plants and plant products to Canada.
The understanding reached with CAN on plant health also represents a benchmark for the EU's negotiation of agreements with other partners with a similar system based on a more trade restrictive understanding of IPPC international obligations as CAN.

CELCAA Secretariat
info@celcaa.eu
p.rouhier@celca.eu
M : + 0488368347
https://twitter.com/celcaa