



COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT (CETA)

MEETING OF THE WINES AND SPIRITS COMMITTEE BRUSSELS, 5 JULY 2018

REPORT

The first meeting of the Wines and Spirits Committee under CETA took place in Brussels in a constructive spirit. The two Parties reiterated their commitment to fully abide to CETA.

The two Parties agreed to work to update the annexes of the 2003 wines and spirits agreement on oenological practices and on geographical indications (GIs), recognizing the substance of the changes remains to be agreed. Canada noted that in the meantime, nothing prevents interested EU GI right-holders from applying directly for protection in Canada. Canada confirmed that being included on the GI Annex does not provide for direct protection of wines and spirits GIs (unlike for food GIs in CETA).

The EU raised questions about the specific cases of enforcement of the protection of EU GIs: "Champagne" and "Irish Cream Liqueur". Canada explained that it had or was in the process of following up with the relevant Liquor Boards and in a number of cases this had resulted in the concerns being resolved. Concerning products labelled as "Irish Cream", Canada noted that only "Irish Cream Liquor" is protected in Canada as matters stand but not "Irish Cream".

Canada provided an overview of changes made to its intellectual property rights border measures regime to implement the CETA to include GIs within its scope alongside other categories of IP that were covered prior to CETA (trademarks and copyright). Rights holders/owners can submit an application (Request for Assistance) with the Canada Border Services Agency.

The Parties had a detailed discussion on the implementation of the CETA Joint Declaration on wines and spirits, including on mark-up differentiations as well as distribution, retail and commercial practices in some Canadian provinces. The exchange contributed to develop a mutual understanding of each other's views. The Parties agreed to continue working on these issues and also agreed to the participation of provincial/territorial authorities in future meetings of the Wine and Spirits Committee.

Canada confirmed that the Cost-of-Service Differentials (COSDs) applied by Ontario and Quebec are no longer applied on the basis of the value of the products, as foreseen by CETA. Further to questions of the EU on the calculation of COSDs by the two provinces, the Parties agreed to work closely together in advance of the next audits with the objective of improving transparency and a better understanding of the audit results. The EU informed Canada that it intends to submit a request for new audits in the coming months.

The EU requested Canada to provide information on any plans to amend the Federal excise duty applied to imported wines. Canada's perspective is that this issue was settled by the 2008 Mutually Agreed Solution in the WTO. The EU argued that the current situation is not in line with CETA provisions and indicated that it will raise the issue in the Joint Committee.

Upon request of Canada, the EU provided an overview of the EU legislation that allows for excise duty reductions for small producers as well as excise duty exemptions for certain products in some Member States. Canada questioned whether these reductions and exemptions are available to imported products.

Upon request of Canada, the EU provided an update on the on-going recast of the EU wine legislation which should address Canada's concern about red ice wine. With respect to the use of simplified certification procedures by Canada as provided by CETA, the EU explained that CETA provisions prevail on EU legislation but for reason of legal certainty, a specific amendment of the relevant legislation will be considered. Canada expressed concern that this amendment had not been made in the latest recast of EU wine legislation.

The EU confirmed that the EU pilot project on environmental footprint of wines and beers is completed. The report sets out a methodology which can be used on a voluntary basis.

The following issues were also discussed:

- on-going work of the Alcoholic Beverages Working Group set up under the Canadian Free Trade Agreement;
- the new price structure introduced by Sweden state-owned monopoly Systembolaget on which Canada asked further information as well as the possible introduction of a levy on heavy non-refundable glass bottles by Sweden;
- EU recent proposal on the reform of the EU Common Agricultural Policy and its provisions related to the wine sector;
- EU provisions related to the labelling of the term 'Teran';
- recent regulatory development related to 'Rioja' geographical indication, with changes to labelling rules.

Canada expressed concerns about the introduction of national measures related to the labelling of alcoholic beverages which from Canada's perspective may result in multiple rules for access to the single market with additional costs and market access issues for Canadian exporters.

Under any other business, the EU sought clarification of information requested for a country specific certificate of origin by some Canadian provinces, in particular Alberta and Ontario.