



COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT (CETA)

MEETING OF THE TRADE IN GOODS COMMITTEE, 29 NOVEMBER 2018, (BY VIDEOCONFERENCE)

REPORT

1. Organisational issues

The agenda was agreed and the Rules of Procedure adopted.

2. Endorsement of reciprocal exchange of information on the safety of consumer products (under regulatory cooperation chapter)

Both sides presented the objective, context and main provisions of the Administrative Arrangement that was concluded between the Department of Health of Canada and the European Commission's Directorate-General for Justice and Consumers. The Trade in Goods Committee endorsed the proposed measures. The EU side informed Canada that, following this endorsement, the EU will inform the EU Council and present the Administrative Arrangement to the Regulatory cooperation Forum on 14 December 2018. Both sides agreed to proceed with the first exchange of information in early 2019 and make the Arrangement public on their websites.

3. Recognition of the summary of discussions from the Canada-EU meeting on intellectual property rights (June 13, 2018)

Both sides informed about the informal dialogue that took place in June 2018 on IPR issues and recalled the follow-up points to be pursued from that exchange. Both sides agreed to continue this informal dialogue and report to the Trade in Goods Committee. Both sides agreed to schedule a videoconference on copyright in the first half of 2019.

4. Report of the Joint Sectoral Group on Pharmaceuticals

Both sides briefly presented the joint report of the Joint Sectoral Group on Pharmaceutical products which took place on 16 November (by videoconference) http://trade.ec.europa.eu/doclib/docs/2018/december/tradoc_157566.pdf. The Committee took note of the work carried out in the Joint Sectoral Group on Pharmaceuticals and welcomed cooperation in this area.

5. Conformity assessment protocol

a) Recognition of accreditation bodies by the Parties

Both sides acknowledged with satisfaction the progress made between Standards Council Canada and EA (European Cooperation for Accreditation) to make the Conformity Assessment Protocol operational regarding the ATEX Directive/HAZLOC Regulation. The EU confirmed it was still working on ensuring implementation of the agreement and re-assured Canada that it is fully committed to the implementation of this Protocol. Canada indicated its concern with the delay and asked the EU to advance the process without delay, noting the commercial significance of the matter to Canada.

b) Planning of future exchange of information between EU and Canada on sectoral legislation and cooperation in support of conformity assessment

Both sides had a first exchange on possible sectors to follow ATEX and agreed to explore the possibility of parallel consultations with industry to identify additional sectors of interest.

6. Legislative developments – Both sides presented the following relevant legislative developments:

a) The Goods Package: European Commission's Proposals for the Regulation on Compliance and Enforcement and the Regulation on the Mutual Recognition of Goods

The EU presented the European Commission's Proposals and responded to questions, notably on the role foreseen in the proposal for a person responsible for compliance information for products sold to EU consumers for which there is no importer or other person responsible. Canada expressed concern about the effect of the measure on Canadian exporters, particularly small enterprises, and would continue to seek information on the costs, administrative burdens, and liability issues of the new measure as it continues through the EU approval process. EU explained that a similar requirement is already included in the majority of EU legislation on products and is necessary to also prevent problems of non-compliance for products sold through new types of e-commerce supply chains. The cost for designating such a person is estimated at between €360 and €1500 per year per business which is negligible in the overall perspective of access to the entire EU market.

b) Health Canada "front of pack labelling"

The EU re-iterated its TBT comments regarding Canada's proposed regulation introducing a mandatory nutrition symbol on prepacked foods. Canada presented Health Canada's proposal and responded to questions. The EU highlighted that it would welcome receiving responses to the TBT comments submitted to Canada before adoption of the legislation.

7. Report of the Agriculture Committee meeting and follow-up

a) CETA beef and pork TRQ administration

Canada asked for clarifications regarding the automatic on-demand issuing of licenses and both sides agreed to discuss this issue again in the next Agriculture Committee and through informal contacts until then.

b) EU's proposed regulation on veterinary medicines

Canada requested clarifications on the development of a new EU regulatory framework in this area. To be noted that the EU adopted a new better medicines regulation which will be fully implemented in 3 years. Canada asked for more information on the timing of the implementation of subsequent delegated and implementing acts associated with this new Regulation and stressed the importance of ensuring that this should not become a trade barrier. The EU explained that the import provisions should not be seen as a trade barrier but as part of the overall fight against Anti-Microbial Resistance (AMR), recognising that AMR does not respect borders. The Commission will ensure that the new legal provisions will be compatible with its international agreements and are legally sound, proportionate, non-discriminatory and based on scientific evidence.

c) Hazard-based decision making on non-renewals of plant protection products

Canada requested clarifications notably in relation to details for how risk assessments for import tolerances will be conducted when a product is set for renewal. The two sides undertook to have exchanges at technical level in the beginning of next year under the auspices of the CETA Sanitary and Phytosanitary Joint Management Committee and have further dialogue on this matter.

d) Cheese TRQ

The EU side expressed concerns on the management of the cheese tariff rate quota (TRQ) and in particular the development of a secondary market of licenses and could not exclude asking for a review. Canada explained that they are aiming to have a review in 2019 of the administration of all TRQs across FTAs and would keep the EU consulted through that process.

e) Milk class 7

The EU expressed serious concerns on milk class 7 and inquired about new developments in this area. Canada informed of provisions that the draft Canada-US-Mexico Agreement text contains.

f) Canada's exports of durum wheat to Italy

Canada expressed serious concerns regarding the significant reduction of durum wheat exports to Italy, which had been Canada's top agricultural export to the EU. The EU clarified that it understands the concerns but that the changes are not related to policy developments in the EU. The EU observed an overall drop of imports into Italy but imports could be expected to pick up again later in the year. Canada enquired about the

potential for future collaboration in the area of outreach and information campaigns.

g) EU Country of Origin Labelling

Canada expressed concerns regarding the coexistence of Member States initiatives with EU-wide rules. The EU noted that a recent EU measure will become applicable in 2020 at EU level and that Member States would not keep national measures in the areas covered by the EU measure. Canada also asked for timelines of when implementing guidelines will become available.

8. Report of the Wines and Spirits Committee meeting and follow-up

a) Agreement to continue the work towards amending the 2003 W&S agreement annexes including the lists of GIs

The EU will send a proposed updated list of GIs early 2019.

b) Provincial discriminatory measures

The EU expressed concerns over certain measures maintained at the provincial level considering that these were discriminatory and limiting market access for EU exporters. The EU expressed the need to be involved at an early stage in the consultation with Provinces looking to introduce reforms. Canada took note of the EU's concerns and reaffirmed the desire to continue the ongoing dialogue, including by ensuring an enhanced participation of provincial representatives.

c) Federal excise duty and its annual escalator clause

The EU stated that it has not seen its concerns about the imposition of the excise duty on imported goods addressed. Canada noted that relevant officials are aware of EU concerns but that it has limited flexibility to comment on the issue as it is at the heart of the ongoing WTO litigation initiated by Australia. The EU reiterated its expectation that Canada's next Budget bill will address the matter.

d) Cost of Service Differential (COSD) request for new audits and improved transparency

The EU expressed concern on COSD and informed that it had formally requested new audits of Ontario and Québec liquor boards. The EU reiterated its request for increased transparency both in the process of preparation of the audits as well as in the audit reports per se calling for parts of the audit to be made public. Canada explained that it was possible to work on a better presentation of the results of the audits in the reports. Canada also acknowledged the receipt of the request for new audits and that it expects the results to be provided within the allocated timelines.

e) Enforcement of W&S GI protection

The EU raised the issue of the Irish Cream Geographical Indication (GI) stressing that "Irish Cream" is listed in the relevant annex of the wines and spirits agreement and therefore eligible for protection in Canada. Canada acknowledged that the term was listed in the annex but explained that

protection under the Canadian regime could only be achieved after successfully completing an application process by Canadian authorities. The EU also raised the issue of name usage in Valpolicella/Amarone wine kits.

- f) Origin declaration on Wines & Spirits
Canada confirmed that the issue is resolved.

9. A.O.B.

- a) Preference Utilization Rates
Canada import documents do not require declaration of which rule was used (tariff heading change or value added) just as is the case for the EU. In fact, Canadian authorities can find how a product is originating, only following a verification.
- b) USMCA and CPTPP – impact on CETA
The EU asked whether USMCA or CPTPP would have any impact on the implementation of CETA. Canada indicated that it would not be the case and expressed its openness to receiving specific questions.
- c) Origin quota growth for HS item 62.01
Canada requested confirmation from the EU that the threshold for the growth provision has been triggered for Canadian exports under HS codes 62.01 and 62.02 with changes to take effect January 1, 2019. Canada agreed that confirmation by e-mail is acceptable and the EU agreed to send the confirmation accordingly.

10. Next steps

The date of the next Trade in Goods Committee was not yet set, given the fact that other sub-Committees reporting to it must convene first and report to it.

Participants:

EU:

Co-Chair: European Commission, DG TRADE, Head of Unit F3
European Commission services: DG Justice and Consumers (DG JUST); DG Trade (DG TRADE); DG Health and Food Safety (DG SANTE); DG Internal Market, Industry, Entrepreneurship and SMEs (DG GROW); DG Agriculture and Rural Development (DG AGRI);
Delegation of the European Union to Canada

Canada:

Co-Chair: Director, Tariffs and Goods Market Access Division, Global Affairs Canada
Co-Chair: Director, International Trade Policy Division, Department of Finance Canada
Consumer Product Safety Directorate, Health Canada;
Health Product Compliance, Health Canada;
Technical Barriers to Trade Division, Global Affairs Canada;
Intellectual Property Trade Policy Division, Global Affairs Canada;

Trade Controls Policy Division, Global Affairs Canada;
Market Access Secretariat, Agriculture and Agri-Food Canada
Delegation of Canada to the European Union