



## COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT (CETA)

### MEETING OF THE WINES AND SPIRITS COMMITTEE OTTAWA, 24 SEPTEMBER 2019

#### REPORT

The second meeting of the CETA Joint Committee on Wines and Spirits was held on September 24, 2019 in Ottawa, Canada. The meeting offered the opportunity to discuss issues of mutual interest and next steps on a wide range of alcoholic beverages related topics.

Upon request of the EU, Canada confirmed that it grants the same level of protection for geographical indications (GIs) for wines and spirits products as for agricultural products and food GIs.

The EU raised concerns on the use of certain terms in the Canadian market place. On “Champagne”, Canada informed the EU that the relevant Quebec authorities had phased out all products bearing the terms “méthode champenoise”. The EU welcomed that information and called upon Canada to amend the laws regulating the use of the terms “méthode champenoise” and “cidre champagne” to align rules to practice. On “Irish Cream”, the EU announced its intention to submit information on possible infringements of the agreement on trade in wines and spirit drinks, to which Canada committed to respond promptly. Upon request of the EU, Canada confirmed that the Canadian Food Inspection Agency had received and was following up on a complaint relating to the use of the term “Chablis”. The EU stressed the need for automatic acknowledgments of receipt to create confidence in a new system of enforcement for EU GI holders. Canada committed to follow-up on the matter and confirm this aspect of the complaint process.

The EU requested more information on the enforcement of GIs in Canada and asked for more clarity on the role of the Canadian Food Inspection Agency regarding cases of False, misleading and deceptive labelling that create an erroneous impression with respect to origin. As explained on previous occasions, Canada stressed that the Canadian and EU GI regimes are distinct. While enforcement is achieved through different mechanisms in Canada, Canada considers that EU GI right holders nonetheless have numerous options to efficiently address any potential issues. Canada encouraged EU officials to communicate these options to EU GI right holders. Canada also explained that, in that vein, a delegation of Canadian officials from relevant policy departments travelled to the EU from January 28 to February 1, 2019 with the view of explaining the Canadian GI regime implemented pursuant to the provisional application of CETA. In Canada’s view, this was an important objective in order to assist EU GI right holders to better understand and make effective use of the Canadian GI regime, including making timely requests to register their wines & spirits terms with the Canadian

Intellectual Property Office. According to Canada, feedback received from EU stakeholders was positive toward the Canadian regime.

The Parties also discussed amendment of the GI and oenological practices annexes of the *Agreement between the European Community and Canada on Trade in Wines and Spirits Drinks*, incorporated into the CETA agreement. Canada explained that on its side an update of the annexes is an extremely complex and long exercise, and that it was seeking ways to streamline the amendment process. The EU explained that the EU procedure to approve the amendment of those annexes was simple and straightforward, and encouraged Canada to initiate the amendment process as soon as possible, this issue being of high importance to the EU. The Parties agreed to further discuss the issue in the weeks following the meeting.

Finally on GIs, the EU provided information on the EU GI regime, including the process which producers from non-EU countries can apply for a GI, and on the e-Ambrosia Database.

The EU confirmed that Delegated Regulation 2019/934 will remove the distinction in treatment between red and white “Icewine” with respect to maximum levels of permitted sulphur dioxide, effective 7 December 2019.

Upon Canada’s request, the EU provided an update on a range of EU policies, notably the date labelling requirement for alcoholic beverages, energy labelling, the EU Environmental Footprint and the Common Agricultural Policy.

Upon request of Canada, the EU provided information on import requirements that Canadian wines and spirits need to meet to be sold in the EU.

The EU expressed disappointment with Canada for not amending the federal excise duty law during its last budget exercise. The EU called upon Canada to reply to correspondence of February 2019 on this issue. Canada explained that the EU concerns had been conveyed to the proper authorities. Upon Canada’s request, the EU provided detailed information on the EU excise tax regime, including special rates maintained by Greece, France and Portugal.

The EU also raised concerns with a range of measures maintained by certain provinces and stressed the importance for the parties to work within the spirit of the joint declaration of the CETA agreement. The EU welcomed the attendance of representatives of Quebec, Ontario and British Columbia as observers at the meeting. Canada updated the EU on recent policy changes regarding retail sales of alcoholic beverages in British Columbia (removal of certain restrictions limiting the access of imported wines to grocery store shelves) and in Ontario (extension of retail networks accessible to imported wines through agency store openings and the issuing of unrestricted licenses to grocery stores). The EU requested detailed information on the differential markups applied in certain provinces. The parties agreed on the need to continue working on the implementation of the CETA joint declaration on wines and spirits.

Canada confirmed that both Ontario and Quebec are in the process of completing the audit of the cost of service differential fees as requested by the EU in November 2018. Canada confirmed its understanding that Quebec and Ontario would prepare a plain language, non-confidential summary together with the audit report, which Canada committed to share with the EU. The parties agreed to discuss the audit results once the reports become available.

Canada provided an overview of the work of the Alcoholic Beverages Working Group created pursuant to the Canada Free trade Agreement. The EU stressed that, in line with the National Treatment principle, any policy change that would facilitate inter-provincial trade in Canadian alcoholic beverages should apply equally to EU products.