

Background note from DG AGRI
COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT

[24/11/2014]

COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT (CETA)

- **Parties:** Canada / EU
- **Type of agreement:** Free Trade and Economic Agreement
- **Level of agricultural trade:** EU28 exports to Canada (2013) amount to some €3 billion. Main exports include alcoholic beverages (wines, spirits and beer), which account for over 40% of EU exports to the country, chocolate, sugar confectionery, cereal preparations and cheese.

EU28 imports from Canada (2013) amount to some €1,9 billion. Main imports include wheat, covering around 25% of EU import needs, soya beans, oilseeds (e.g. rapeseed) and some fruit and vegetables (e.g. beans, lentils, peas).

- **Market opening in agriculture for each party:**
 - The EU will eliminate 92,2% of agricultural tariff lines at entry into force, and 93,7% after 7 years. The EU offer comprises full liberalization for 97% of agricultural imports from Canada.

Canada will eliminate 90,9% of all agricultural tariff lines at entry into force, and 91,7 % after 7 years. Canada's offer comprises full liberalization for 95% of agricultural imports from the EU.

These figures are based on officially exchanged statistics related to imports by EU and Canada for 2006-2008.

- Fully liberalized products include: cereals (after 7 years), fruits and vegetables, processed agricultural products (PAPS), wines and spirits and milk protein concentrates at entry into force.
- EU tariff rate quotas: beef meat (fresh meat: 30.840 t + 4.160 t of high quality beef TRQ; and frozen meat: 15,000 t), pork meat (75,000 t), sweet corn (8,000 t) and common wheat (transitional 7-year quota of 100,000 t from current 38.853 t).
- Canada tariff rate quota: cheese (17.700 t of which 1.700 t for industrial cheese; plus 800 t of cheese to be added to the EU portion of an existing WTO TRQ). Also, originating agricultural goods exported from the EU and imported into Canada through Canada's existing WTO Tariff Rate Quotas shall be duty-free at the date of entry into force.

- Main excluded sectors from both sides are: chicken and turkey meat, eggs and egg products.
- **Export refunds:** Canada and the EU will not grant any export refunds to products fully liberalised and/or covered by a tariff rate quota in the importing party provided the in-quota tariff is fully eliminated.
- **Rules of origin:** Horizontal and product specific rules have been agreed based, to the extent possible, on the EU's standard texts. For a small number of products a compromise in the form of quantitatively limited origin derogation was necessary, like for sugar-related products where an annual Quota Allocation of 30.000 metric tonnes for High-Sugar Containing Products and an annual Quota Allocation of 10.000 metric tonnes for Sugar Confectionery and Chocolate Preparations have been conceded.
- **Wines and Spirits:** Tariff elimination at entry into force is complemented by the removal of other relevant 'behind the border' barriers that significantly prevent the EU from penetrating the Canadian market. Also important are the incorporation of the 2003 wines and spirits agreement into CETA as well as the agreement on disciplines that will significantly improve the competitive situation of our products on the Canadian market – such as rules on the anti-competitive impact of the activities of certain liquor boards or more of a level playing field for the calculation of service fees.
- **Geographical Indications (GIs):** Out of 145 GIs short-listed by the EU, 125 will enjoy in full the high protection reserved by Article 23 TRIPS to wines and spirits, i.e. that the use of a GI name is prohibited even when the true origin of the product is indicated or in translation or with expression such as "kind", "type", "style", "imitation" or the like. The other 20, while being recognised as GIs in Canada, will enjoy protection under specific conditions: either grandfathering, coexistence with previously existing trademarks, non-protection of the use of EN/FR translations if the use is not misleading the consumer about the true origin of the product, or phasing-out of current use in Canada. The agreement provides for mechanisms as to expand the list to additional GIs in the future.
- **Entry into force timetable foreseen:** CETA should not enter into force before all internal procedures, such as legal scrubbing and translation, and the ratification processes are completed on both sides, likely in 2016.