



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada



Canada-European Union Comprehensive Economic and Trade Agreement (CETA) Negotiations

International Livestock Congress
August 10, 2011

Canada 

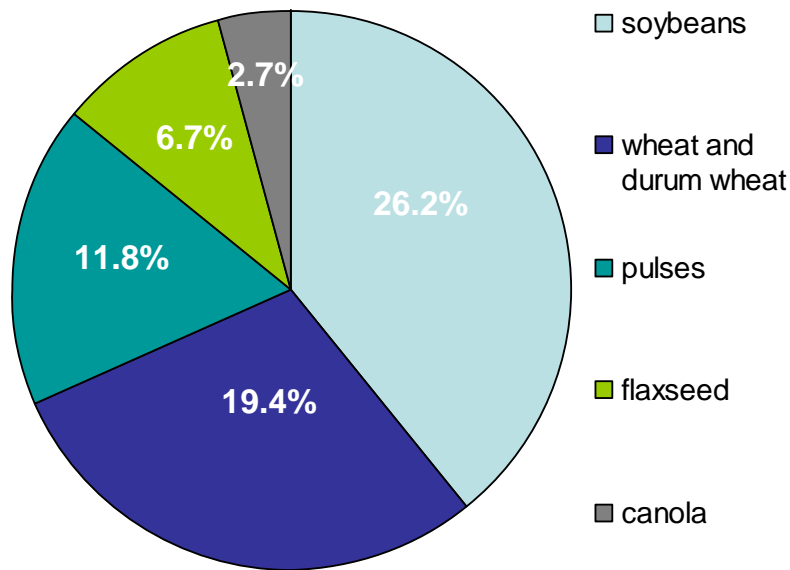
Outline

- Canada-European Union (EU) Trade Relationship
- EU Market Profile
- Current EU Market Access Conditions
- Canada-EU CETA Negotiations
- Other Free Trade Agreement (FTA) Negotiations

Canada-EU Trade Relationship

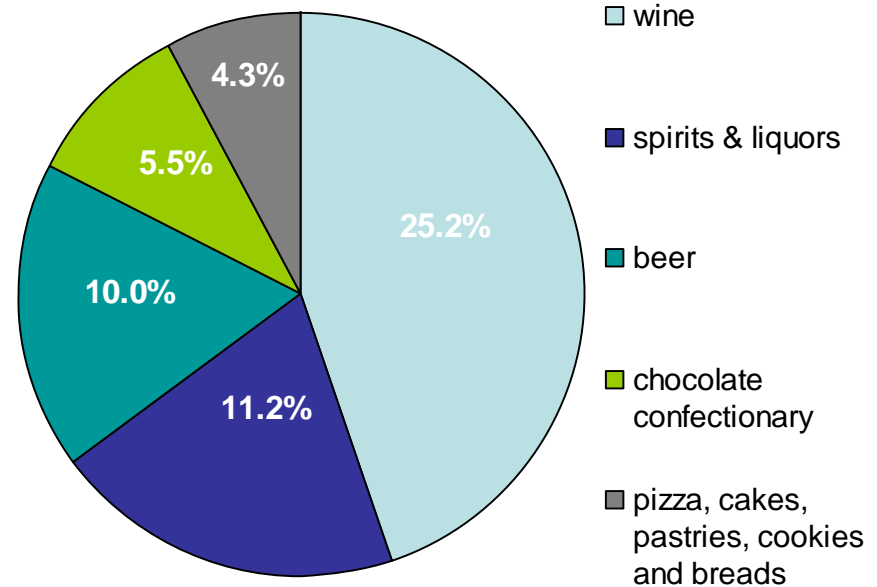
- The EU is Canada's second largest trading partner and the world's largest market for agriculture and agri-food products (population of nearly 500 million).

Top 5 Canadian agri-food exports to the EU (2010)



Total agri-food exports to the EU:
\$2.2 billion

Top 5 Canadian agri-food imports from the EU (2010)



Total agri-food imports from the EU:
\$3.6 billion

Canadian Beef Exports

- Canadian exports of beef in 2010: CAD \$1.4 billion
- Exports to the EU represented approximately 0.6% of total value

<i>Top 10 markets for Canadian exports of beef and veal products (2010)</i>	<i>Quantity (Tonnes)</i>
World	408,408
United States	309,325
Mexico	41,091
Hong Kong	16,228
Japan	16,044
Russia	9,459
Taiwan	2,313
EU27	1,526
Angola	1,425
Cuba	1,383
Philippines	1,091

EU Market Profile – Production/Consumption

- Largest EU beef producers (2009): France (19%), Germany (15%), Italy (14%), UK (11%), and Spain (7%)
- EU Production of beef and veal represents approx 18% of total meat production
- Over 95% of the EU's beef production is consumed domestically
- Beef consumption varies across the EU; accounts for only 20% of total meat consumption

EU net production of beef/veal (2009)	7.72 million tonnes*
<i>Net balance of external trade</i>	<i>-307,000 tonnes</i>
Total EU internal use (2009)	8.03 million tonnes
Average EU consumption (2009)	14.6 kg per capita

* Carcass weight

EU Market Profile - Trade

- The EU is a marginal net exporter of beef and veal products based on volume, and a net importer based on value
- 2010 imports of beef and veal: CAD \$2.2 billion (291,802 tonnes)
- Top 10 Suppliers (by quantity in 2010): Brazil, Argentina, Uruguay, Botswana, US, New Zealand, Namibia, Australia, Paraguay and Switzerland.

Current EU Market Access Conditions

TRQ Name	Description	Quantity (tonnes)	In-Quota Duty	Over-Quota Duty (MFN range)
WTO MFN Quota	Meat of bovine animals, frozen; thick skirt and thin skirt, frozen	53,000 (boneless weight)	20% to 20% + 2,138 €/t	12.8% + 1,414 €/t to 12.8% + 3,041 €/t
	Various cuts of bovine animals, for processing	54,703 (bone-in weight)		
“Hilton Quota”: USA/Canada	High-quality meat of bovine animals, fresh, chilled or frozen	11,500	20%	“
Hormone-free high-quality beef quota	high-quality beef, fresh, chilled or frozen	20,000 (48,200 by Aug 2012)	0%	“
Other countries with TRQ for high quality beef (Australia, New Zealand, Brazil, Argentina, Uruguay, Paraguay)	High-quality meat of bovine animals, fresh, chilled or frozen	48,750 (total quantity)	20%	12.8% + 2,211 €/t to 12.8% + 3,041 €/t
Australia	Boneless buffalo meat, frozen	2,250	20%	12.8% + 3,041 €/t
EU-Chile FTA	Fresh, chilled or frozen beef	1,700 (for 2010)	0%	Same as MFN quota
EU-Central America FTA	Fresh, chilled or frozen beef	10,000	0%	Same as MFN quota
EU-Mexico FTA	Fresh, chilled or frozen beef	N/A	N/A	Same as MFN quota
EU-Korea FTA (not yet implemented)	Fresh, chilled or frozen beef	N/A	N/A	0% (MFN tariff phased out over 5 years)

Current EU Market Access Conditions

- Sanitary & phytosanitary requirements:
 - Growth Enhancing Product Free (i.e. Hormone-free program)
 - Inspection requirements – EU approved facilities
- Other technical issues:
 - Labelling
 - TRQ administration

Canada-EU CETA Negotiations

- Launched at the Canada-EU Leaders' Summit in 2009.
- Broad negotiations cover a range of topics:
 - Trade in Goods (national treatment and market access, tariffs, rules of origin)
 - Sanitary/phytosanitary measures (SPS) and technical barriers to trade (TBT)
 - Intellectual property (including geographical indications)
 - Monopolies and state enterprises, subsidies, government procurement, services, investment, environment, among others...
- Unprecedented provincial involvement in free trade talks:
 - Issues wholly or partially under provincial jurisdiction (e.g. government procurement, TBT).
 - Trade in goods: federal jurisdiction but working in close cooperation with provinces.
- Ongoing consultations with stakeholders

Status of Negotiations

- Ambitious pace: 8 rounds completed to date
 - Negotiated texts beginning to take shape across a broad range of areas
 - Second tariff offers exchanged
- Next steps
 - Next round scheduled for October 2011
 - Target for completion of negotiations in 2012
 - Political guidance and involvement
 - Bilateral meetings at political level to monitor progress

Implications for the Beef Industry

- Canada seeking new and expanded market access for beef exporters:
 - Tariffs and tariff rate quotas
 - Rules of origin for meat and meat products
- Tackling non-tariff measures:
 - Ensuring “real” market access
 - Addressing various “behind the border” requirements

Canada's FTA Agenda

<i>Existing FTAs</i>	<i>FTAs signed or concluded</i>	<i>Ongoing Negotiations</i>
<u>Canada-US</u> (1989)	<u>Colombia</u> (signed in 2008)	<u>European Union</u> (launched in 2009)
<u>NAFTA</u> (1994)	<u>Jordan</u> (signed in 2009)	<u>India</u> (launched in November 2010)
<u>Canada-Israel</u> (1997)	<u>Panama</u> (signed in 2010)	<u>South Korea</u> (launched in 2005)
<u>Chile</u> (1997)		<u>Central America Four countries</u> (Honduras, El Salvador, Guatemala, Nicaragua) (launched in 2001)
<u>Canada-Costa Rica</u> (2002)		<u>CARICOM</u> (launched in 2007)
<u>EFTA</u> (2009)		<u>Morocco</u> (launched in January 2011)
<u>Peru</u> (2009)		<u>Ukraine</u> (launched in 2010)

Canada's FTA Agenda

Of interest to the beef industry:

- South Korea:
 - Negotiations toward a Canada-South Korea FTA
 - Agreement on a science based technical solution for Canadian beef access
- Japan:
 - Launch of Canada-Japan Joint Study
 - Potential benefits for Canada's agri-food sector



Canada