



COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT (CETA)

MEETING OF THE TRADE IN GOODS COMMITTEE, 11 DECEMBER 2019 (BY VIDEOCONFERENCE)

REPORT

1. Report on origin quota exports of items under HS codes 62.01 and 62.02

The European Union (EU) indicated that the threshold for the growth provisions of origin quotas has been surpassed for HS codes 62.01 and 62.02 (men's and women's overcoats etc.). The EU explained that the level of the origin quotas for the HS codes 62.01 and 62.02 has been consequently amended in accordance with the provisions of the Agreement. In January 2020 the EU will formally notify Canada of the new quotas applicable in 2020 for Canada to inform exporters and adjust its quota management procedures as appropriate. Canada confirmed that its records indicate the same result and agreed with the proposed approach to increase the quota volume for these HS codes.

2. Report of the Joint Sectoral Group (JSG) on Pharmaceuticals meeting and follow up

Both sides briefly presented the joint report of the Joint Sectoral Group on Pharmaceutical Products (JSG-Ph) which took place on November 21, 2019. The Committee expressed satisfaction with the work carried out and encouraged the JSG on Pharmaceuticals to continue its excellent cooperation, especially regarding the possible extension of the scope of the CETA Protocol on Pharmaceuticals to include active pharmaceutical ingredients as well as the assessment of inspections conducted outside of respective territories.

3. Preference Utilization

The Parties discussed preferential utilization rates, including their usefulness in identifying potential issues to make the CETA work better, as well as challenges associated with measuring and interpreting them.

a. Taking into account retroactive application for preferences in the utilisation of preferences statistics.

Canada confirmed that under its domestic law, an importer has up to four years to correct their tariff treatment and submit a refund on a retroactive basis. Retroactive claims for preferential tariff treatment are taken into account in Canada's official import statistics, with updates being released less frequently as time passes. As such, the longer the period between the actual importation and

the processing of a retroactive claim, the longer it takes for the statistics to be updated to reflect the change in the data.

b. Sharing experience in measurement and analysis of preference utilization rates (PUR) data.

Both sides discussed their respective methods to measure and analyse preference utilization and encouraged their respective Chief Economist Offices to continue to exchange data and share experiences in order to establish coherent sets of data by streamlining PUR definitions and calculations and to exchange views on the analysis of data once harmonised.

4. TBT Issues

a. Health Canada “front of pack labelling”

The EU reiterated concerns with Canada’s proposed new regulations on mandatory front-of-package labelling of certain foods as well as with Canada’s Food Labelling Modernization, as this would have an impact on European exports to Canada. The EU requested receiving responses to its comments on these proposed regulations before they are approved. Canada indicated that based on previous exchanges on this topic it had a clear sense of EU concerns regarding the measure and could provide answers during the appropriate stage of the Canadian regulatory development process.

b. Regulation (EC) No 1272/2008 of the European Parliament and of the CLP Regulations under the 14th Adaptation to Technical Progress (Cobalt and Titanium Dioxide)

Canada reiterated its interest in the regulatory changes related to cobalt and titanium dioxide. Canada asked why the Commission decided that an impact assessment was not necessary, and for more information on the applicability of the Better Regulation Guidelines. More broadly, Canada requested information on the general scope and application of the Better Regulation Guidelines. The EU responded that classification decisions are based on scientific assessment done by the European Chemical Agency on the hazardous properties of substances and therefore do not require impact assessment. The EU referred to its previous presentation on Better Regulation Guidelines done at the CETA Regulatory Cooperation Forum (RCF) and both sides agreed to follow-up exchanges on the Better Regulation Guidelines in the context of the CETA RCF.

c. State of play of the implementation of the Conformity Assessment Protocol

Canada reiterated significant concerns with the delay in the EU in determining and communicating its internal process for recognizing the Standards Council of Canada pursuant to the Protocol on the mutual recognition of the results of conformity assessment. Canada underlined the importance it attaches to seeing concrete steps taken by the EU to come into compliance with CETA as soon as possible and noted it would seek regular updates on the progress in advance of the next CETA Joint Committee meeting. The EU took note of the concerns and indicated that concerted efforts are being made to complete the work required to implement the Protocol. Both sides took note of steps taken to facilitate the accreditation of Canadian conformity assessment bodies in the EU and of the state of play of the advanced engagement of the Standards Council of Canada and EA (European Cooperation for Accreditation) to make the Protocol operational for the ATEX Directive/HAZLOC Regulation.

d. Regulation (EU) 2019/1020 on market surveillance and on compliance of products

Canada asked about the state of play of the implementation of the new regulation, which will enter into force in June 2021. Canada expressed concern that it would create a barrier to trade for Canadian exporters, particularly SMEs and noted this is of particular concern in the context of the recently implemented CETA. Canada enquired whether the guidelines that the EU plans to draft will explain its article 4 and the requirement for a “person responsible for compliance information” located in the EU. Canada recommended that they be available well in advance of the entry into force of the regulation and that industry stakeholders be consulted as the guidelines are developed. Canada further recommended that the guidelines have clear instructions for exporters on how to meet the requirement set out in its article 4. The EU provided an update on the development of the provision noting that they intend to publish the guidelines in advance of the entry-into-force. The EU further confirmed that a public consultation should be launched soon and that Canadian stakeholders could submit comments through the process.

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

Both sides briefly reported on progress made at the meeting of the second CETA Committee on Agriculture, held on September 23, 2019 in Ottawa. Specific reference was made to ongoing joint efforts to develop and publish online simplified guidelines on CETA beef and pork TRQ administration in the EU. The EU welcomed discussions on potential amendments to the management of cheese TRQs that will be published in early 2020. The EU noted that it would be responding to Canada’s letter of November 28, 2019 seeking written confirmation that the overall TRQ volumes under CETA would not be changed on account of Brexit. The EU asked Canada for information on what will be replacing milk class seven following CUSMA ratification, to which Canada responded that it would look into what information it was able to provide

6. Report of the Wine and Spirits Committee and follow-up

Both sides reported on the results of the Wine and Spirits Committee meeting held on September 24, 2019. The EU urged Canada to start the process to amend CETA annexes to include additional Geographical Indications (GIs), reiterated its concerns regarding discriminatory measures at provincial level related to wines and spirits including Canada’s federal excise duty exemption for 100 per cent Canadian wine. The EU also inquired as to the status of the cost of service differential audits. Canada referred to work currently underway to explore ways forward on issues raised by the EU.

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

Both sides reported on the discussions at the 26 November, 2019 meeting of the Committee on GIs. The EU highlighted, in particular, its concerns relating to Canada’s operationalization of “grandfathering rights” related to certain GIs protected under the CETA, its request to amend the names of certain GIs listed in the CETA, as well as concerns regarding the alleged misuse of certain food names subject to GI protection under the CETA and Canada-EU wines and spirits agreement. Canada’s main priority item of interest at the GI Committee was with regards to its request that the EU enumerate individual “responsible authorities” for the GIs listed in the CETA. Both sides agreed to further follow-up on a number of items in 2020. As discussed in relation to Wines and Spirits above, the EU is also seeking assurance that the requested changes to EU food names listed in the Agreement could be accommodated promptly.

8. AOB

a. Exchange of information on the safety of consumer products.

The Committee expressed its satisfaction with the ongoing cooperation and exchange of information on non-food consumer product safety and encouraged further cooperation on this matter. Special note was taken regarding sharing of information on the safety of consumer products available for consultation to both Parties since November 2019. The experience has been positive for both parties and is contributing to consumer protection in both jurisdictions.

9. Next Steps

The Parties agreed that meeting by video-conference has promoted effective discussions on the wide range of agenda items of the Committee by facilitating the direct participation of all relevant officials on both sides. It was agreed that the next meeting will maintain this format and take place in November 2020. The EU-Canada Informal IPR dialogue will be held in 2020.

Participants:

Canada:

Co-Chair: Director, Tariffs and Goods Market Access Division, Global Affairs Canada
Co-Chair: Deputy Director, International Trade Policy Division, Department of Finance 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

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