

EMBASSY

Canada, EU stick to their guns on agriculture in trade talks

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The Harper government and the beef and dairy industries are undeterred by the EU ambassador's assertion last week that in a Canada-EU free trade deal set to be hammered out by the end of the year, "there will be no beef without dairy; it's almost a foregone conclusion."

While the European Union is asking for more access to the Canadian dairy market, the government is sticking with its defence of Canada's supply management system for the dairy industry, which effectively limits foreign imports.

The dairy industry is not willing to cede market share to the Europeans. Meanwhile, the beef industry still expects a boost to its access to European markets.

Maurizio Cellini, head of the economic and commercial affairs section at the European Union Delegation to Canada, told reporters on April 26 that while offers on "almost all issues" in the trade deal three years in the making have been exchanged, Canada and the European Union have not yet exchanged offers on sensitive issues, including increasing access to European beef and pork markets, and Canadian dairy markets subject to supply management.

Mr. Cellini was seated alongside EU Ambassador Matthias Brinkmann at a meeting with about 10 Canadian reporters at the EU Delegation's Ottawa office.

"What we don't aim at is to let Canada abolish supply management. That was never on the agenda. It's for Canada to decide if they want to maintain supply management or not," said Mr. Brinkmann.

"What we want is more market access for our dairy products because we have a small quota."

Canada currently has an import quota of 20.4 million kilograms a year, two-thirds of which typically goes to the EU. Anything beyond that is slapped with a heavy 245 per cent tariff, which makes European cheese expensive to buy in Canada, according to the EU.

On the other side, said Mr. Brinkmann, the prairie provinces want to sell more of their beef and pork to Europe.

"To the amount that you export beef to Europe, we want to be able export dairy products," he said.

"For the prairies, the beef issue is a big one," he later said. "And there will be no beef without dairy; it's almost a foregone conclusion."

The EU officials did not specify by how much they wanted to see Canada boost their dairy quota. It's under negotiation, said Mr. Cellini.

Plus, he said, concessions may not have to be matched in the same sector—as long as the overall agreement is balanced.

In response, Trade Minister Ed Fast repeated his assertion that Canada will defend the interests

of Canadian farmers during talks toward a Comprehensive Economic and Trade Agreement with the EU.

"We're going to continue to defend Canada's system of supply management. But we've also said we're prepared to discuss all issues at the table," he said in an interview with Embassy on April 27.

"So I wouldn't presume to prejudge the outcome of these negotiations."

When asked if there was any room to budge to give the EU more access to Canadian dairy markets, he said, "We've made it clear to our farmers we're going to defend their interests and do so vigorously."

That's music to the ears of the dairy industry, which doesn't support a bigger EU dairy quota and isn't expecting one.

"From our perspective, because we have a supply management system, it means we produce for the demand. If somebody else comes and supplies the dairy products, that means we have to cut back," said Thérèse Beaulieu, spokesperson for the Dairy Farmers of Canada.

"We're pretty confident that Canada will be able to conclude a trade deal with the EU and keep supply management intact," she said.

Mr. Fast noted that Canada has trade agreements with 14 countries and in each case "we have been able to successfully negotiate the issues related to agriculture," he said. "And the CETA negotiations we don't expect to be any different."

The agricultural section is a "big obstacle" said Mr. Cellini, but that's normal for international trade negotiations.

Ms. Beaulieu said dairy access is not the EU's biggest desire, but that "that's what the media is talking about."

She downplayed the significance of the dairy question in relation to other outstanding issues such as possible reluctance from Bulgaria, Romania, and the Czech Republic to ratify a trade deal if their citizens are still forced to get a visa to come to Canada, unlike the rest of the 27 EU countries.

Other issues still left to clear up include rules of origin, which would determine whether a product has enough Canadian content to be eligible for duty-free access to Europe.

"The idea of putting dairy versus beef, it's a non-issue, it's not one versus the other," said Ms. Beaulieu.

John Masswohl, director of government and international relations for the Canadian Cattlemen's Association, said he wasn't really concerned with the tying of Canadian dairy and EU beef market access.

"It's the negotiating process. It's positioning, it's posturing. We've heard it before," he said.

The end result will be a negotiated package that's a lot broader than just dairy-for-beef, but also includes give and take on intellectual property, auto access, and pharmaceuticals, for instance, said Mr. Masswohl.

The agreement would be Canada's most ambitious trade deal since NAFTA. The Canadian government expects it to bring a \$12 billion annual boost to the economy.

Mr. Masswohl said the beef sector wants unlimited duty-free access to European markets, not because they plan to flood them with Canadian beef, but because he says the EU has traditionally boosted access by opening up quotas, but the red tape associated with that process is a trade barrier in itself.

Meanwhile, the day after EU officials spoke to reporters, Mr. Fast gave a speech at an Economic Club of Canada event in Ottawa kicking off a daylong promotional blitz by Conservative ministers, parliamentary secretaries, and MPs. They touted the benefits of a trade deal with the EU in 18 events in every province. The government also launched a promotional website.

Mr. Fast said in a news release that "anti-trade activists continue to spread falsehoods about trade," and "We must fight their fear-mongering with facts."

The Council of Canadians has said the procurement, intellectual property, and investment rules of the free trade deal would hurt local democracy, environmental measures, and public services. The NGO stated in a news release last week that at least 33 cities, towns, and school boards have asked to be exempt from the trade deal.

NDP foreign affairs critic Paul Dewar called the day's events "a dog-and-pony show," with Conservatives spreading "propaganda," noting that Canadians haven't seen the text of the deal yet.

The Tory trade talkers also met with business and community leaders. Several stakeholder groups pumped out their own news releases. Some highlighted the positive aspects of a deal and encouraged the government to finish off negotiations.

Mr. Fast said his government would only sign an agreement if it's in the best long-term interests of Canadians.

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