

# ‘No beef without dairy’ in Canada-EU trade talks, diplomat warns

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OTTAWA – Western Canadian beef producers won't get long-sought access to the huge European market of a half-billion consumers unless Canada's heavily-protected dairy sector, mainly in Ontario and Quebec, is exposed to greater foreign competition, the European Union's ambassador to Canada said Thursday.

Ambassador Matthias Brinkmann, who said he remains optimistic a Canada-EU trade deal will be completed this year, said the sensitive issue is one of the key barriers to successful negotiations.

Brinkmann also warned that Canada will likely have to lift travel visa restrictions imposed on three former Communist countries – the Czech Republic, Bulgaria and Romania – before the trade deal can be ratified.

The cautioning from the senior European diplomat comes on the eve of a major public relations campaign Friday by the federal government to promote the proposed deal, with Tory MPs fanning out across the country to give speeches in favour of trade and investment liberalization with Europe.

Alberta MP Rob Merrifield will speak to a Spruce Grove audience about the “benefits to workers and families who rely on Canada's world-class beef industry.”

Not so fast, cautioned the senior European diplomat in a presentation to Canadian journalists.

“For the Prairies the beef issue is a big one, and there will be no beef without dairy, it's almost a foregone conclusion,” Brinkmann told journalists.

He confirmed that formal offers haven't even been exchanged on the

sensitive agriculture issue even though negotiations have been underway since 2009.

“It’s a big obstacle, like all international trade negotiations,” he said, adding that it’s “normal” for negotiators to leave the toughest issues to the final round of talks.

Rudy Husny, a spokesman for Trade Minister Ed Fast, wouldn’t comment on whether Canada is prepared to expand foreign competition in the dairy market. Countries in the Asia-Pacific, especially New Zealand, are also demanding greater access to Canada’s domestic dairy market as a price of participation in the proposed Trans-Pacific Partnership trade deal.

“All countries approach negotiations with a view to protecting their interests. Canada is no different,” Husny said in a statement.

“Canada will seek to defend and promote its interests in every sector of our economy. Canada will only sign an agreement that is in the best interests of Canadians.”

Brinkmann said the EU and its 27 member states aren’t demanding that Canada end its supply-management system, which provides production quotas to dairy producers and shields them against competition with sky-high tariff charges on imports.

But he said Brussels is pushing aggressively for an increase in the Canadian quota limit on imports, which is set at 20.4 million kilograms of cheese annually.

EU exporters typically get about two-thirds of that quota, and all foreign producers must pay a prohibitive 245-per-cent tariff on products above the quota, according to the EU.

Brinkmann said Canadian dairy producers shouldn’t fear lost sales due to greater competition from Europe, despite the world-class reputation of cheese producers from countries like France and Italy.

“It can be a win-win situation because if you have more variety consumers buy more,” he said. “It’s not necessarily to the disadvantage of Canadian dairy farmers.”

He said Prairie beef and pork producers are anxious to access the European market and have made clear they can supply hormone- and antibiotic-free meat that meets EU standards.

Brinkmann, meanwhile, said the EU is following the progress of Bill C-31, designed to make it easier to process refugee applicants and weed out applicants making unsubstantiated claims of persecution in their home countries.

Canada has faced a huge influx of Roma asylum-seekers from former Communist countries who, according to most human rights groups, face considerable discrimination.

Canada has maintained visa requirements on Bulgaria, Romania and the Czech Republic. Hungary, which isn't subjected to a visa requirement, is Canada's top source for refugee claimants, the overwhelming majority of whom are from the Roma community.

"This is a big irritant. These member countries are not happy at all," Brinkmann said of the visa requirements.

He said Bulgaria, Romania and the Czech Republic could all block the Canada-EU treaty when ratification takes place at the European Council (the EU body that represents the member states), the European Parliament and in individual national legislatures.

"So these member states, they're going to give their approval to an agreement if there is still a visa? Probably not," he said.

"I think from the Canadian side it is hoped (C-31) will solve the problem."