Agricultural products on the table at Canada-EU trade talks

By Janyce McGregor, CBC News Posted: Nov 22, 2012

Agricultural products are among the key issues as Canada-Europe trade talks enter a crucial stage this week.

The talks in Brussels between International Trade Minister Ed Fast and his European counterpart Karel De Gucht will help determine what concessions can be found to open up markets for grain, beef, pork and dairy products.

The agricultural sector includes a lot of sacred cows on both sides, which may be why these negotiations were left to the end. Agriculture Minister Gerry Ritz has joined Fast in Brussels for the talks.

One thing that is not expected to be on the table: Canada's farm marketing boards. Canada's chief negotiator told the Commons trade committee last June that supply management will remain in place under the Comprehensive Economic Trade Agreement (CETA.)

Here's a closer look at where things stood on the agricultural front going leading up to ministerial talks in Brussels this week:

Grains

The grains sector benefits from its products being relatively easy to ship, and it's been successfully selling into Europe despite current tariffs. Canadian durum wheat is popular with Italian pasta makers and Canada's higher-protein grains are used for premium breads in places like the U.K.

Depending on European crop yields, the EU already buys a lot of Canadian grains year to year, but if tariffs move to zero as expected, they become even more attractive.

Beef

Canadian beef farmers fall at the other end of the scale. They're basically shut out, despite a history of Transatlantic trade: vast amounts of Canadian beef were shipped during wartime, and many Canadian farmers use European breeding stock.

In recent decades, diseases such as BSE and foot and mouth closed some European borders and farmers in disease-free countries such as France and Ireland came to enjoy their dominance of the EU's supply. They aren't going quietly, and European politicians know this.

Europeans also see things like the use of hormones differently than the North American livestock industry, which could add costs for Canadian producers that amount to defacto tariffs.

Canadian cattlemen have high expectations for CETA and if those aren't met, they will be vocal about not supporting this deal.

Processing

European meat processing methods and standards are different from Canada's. Few Canadian slaughterhouses can meet current EU rules unless a major harmonization push accompanies this deal.

Other industry practices, like anti-microbial washes common at Canadian meat packers, are not allowed for products shipped into Europe. Increased market access will be of little use if Canadian meat plants aren't EU-certified.

Pork

The pork industry faces similar issues to the beef industry, although it has more slaughterhouses that already meet European standards.

Workers prepare hams at the Pio Tosini Parma ham storehouse in Parma, Italy. European negotiators want to secure a geographic indicator trademark for this Italian product, but the name Parma ham is already trademarked by a Canadian company. (Marco Vasini/AP Photo)

Canadian pork does have a trademark wrinkle to iron out, however: the Parma region of Italy makes a kind of prosciutto it wants to protect in Canada, as it has elsewhere, with a trademarked name. But in Canada, Maple Leaf Meats registered a trademark for Parma ham decades ago (when Italian imports were blocked for sanitary reasons) so Italian ham can't use the Parma name here.

This dispute is a priority for European negotiators, along with several other geographically-specific names of dairy products, like parmesan (from Italy) or feta (from Greece) cheese. Canada is said to be open to giving Europe at least some of what it's demanding.

Dairy

Canada's dairy industry has been in the sights of European trade officials for years, but it's mostly the cheese business it wants.

Canada has a strict quota of foreign cheese imports subject to preferred tariffs, and supplies the rest of its growing domestic market with Canadian supplies.

At the moment, Europe is guaranteed a two-thirds share of all imported cheese allowed into Canada, and Canadian negotiators may consider increasing that share in a deal — but such a move risks angering the countries that supply the remaining third, which include countries Canada wants to conclude a Trans-Pacific Partnership deal with down the road.

The other movement that's possible on dairy is a small percentage or two increase in the overall quota of imported cheese. With Canadian demand growing, this kind of move could be more symbolically than economically significant: the Europeans would be very pleased to get even a small gain after so many years of coming up empty-handed.

That kind of precedent could be scary for Canadian dairy farmers, however: after so many years of stability, who's to say this adjustment wouldn't be followed by others down the road?