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From: art 4.1(b) - privacy of th (AGRI)
Sent: jeudi 15 septembre 2022 19:16
To: art 4.1(b) - privacy of the individual (AGRI); art 4.1(b) - privacy of the individual (AGRI); art 4.1(b) - privacy of the individual (AGRI)
Cc: art 4.1(b) - privacy of the individual (AGRI); art 4.1(b) - privacy of the individual AGRI)
Subject: Short report of meeting with Eucolait 15/09/2022

Present: art 4.1(b) - privacy of the individ, art 4.1(b) - privacy of the individual (Eucolait), art 4.1(b) - privacy of the individual, art 4.1(b) - privacy of the

The meeting was held to prepare for the CETA Agriculture Committee on 6th October.

Cheese Quota:

- Eucolait confirmed that EU is expected to fill its quota this year even though we have now reached the full quota of 16,000 tonnes of "fine cheese" in 2022. Exports always increase before Christmas.
- The EU dairy sector is moving towards increased production of cheese while the share of butter and SMP has fallen, where we are less competitive. US, CAN, Japan and South Kore are the main destinations for high quality EU cheeses.
- The CETA pooling system remains a challenge, but they acknowledged that the share of processors in the USMCA and CPTPP agreements is even higher. CAN's inclusion of retailers (many of whom are too small to import) did not meet EU's expectations of inclusion of new importers. Many of these regularly sell their quota annually and there is trade in quota between processors. Eucolait considered that there should be limits on such annual transfers and penalties applied to allocations. Noted that many processors also import cheeses that do not compete directly with their own products.
- As CAN has to adapt its USMCA TRQ implementation in response to the US case which it lost, we are unlikely to see any changes before then.

Cheese compositional standards/ Milk Class system

- Eucolait was not aware of the Gouda Holland case where CAN refused imports due to non-compliance with the fat % required for Gouda in Canada. The minimum liquid content was more of a barrier to EU exports of milk protein concentrates, which have declined, despite free access for MPC to the CAN market under CETA (from 4,000 tonnes to very low levels in 2022).
- Eucolait considers that combined with other policies such as the Milk Class system, they do represent a barrier to trade . Given the high domestic prices for cheese and butter, CAN produces a structural SMP /dairy protein surplus, which is exported competitively (cross subsidisation). Within the USMCA agreement, US imposed a ceiling on SMP exports, so CAN developed new dairy protein products for export eg. SMP and vegetable fat blends. CAN's exports of dairy proteins to the EU have increased from negligible quantities to around 1,000 tonnes. The quantity of imports/exports is not the issue, but the shift/diversion of trade should be explained.

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