

Note:

This text has been subject to linguistic and legal review. A final signed text is expected after completion of the Parties' internal processes.

Declaration of the Parties concerning tariff rate quota administration

SECTION A

***Declaration concerning European Union administration
for beef and veal, and pork tariff rate quotas under this Agreement***

1. The general principle is that tariff rate quota administration should be as conducive to trade as possible. More specifically, it must not impair or nullify the market access commitments negotiated by the Parties; it must be transparent, predictable, minimise transactional costs for traders, maximise fill rates and aim to avoid potential speculation.

Structure of the import licensing system

Quarterly sub-periods with carryover between periods for unused tariff rate quota quantities

2. In each of the four quarters of the marketing year, 25 per cent of the annual tariff rate quota quantity will be made available for licence applications.
3. Any quantities remaining available at the end of one quarter will be automatically rolled over into the subsequent quarter until the end of the marketing year.

Application period for import licences

4. An application for an import licence will be accepted up to 45 calendar days preceding the beginning of each quarter and an import licence shall be issued no less than 30 calendar days before the quarter begins.

5. If demand for licences during the application period exceeds the quantities available for that quarter, licences will be allocated on a pro-rated basis.
6. If the available quantity for any quarter is not fully allocated during the application period, the remaining quantity will be made available for eligible applicants to apply for on demand for the rest of that quarter. Import licences will be issued automatically on demand until the available quantity has been fully subscribed for that period.

Validity of licences

7. An import licence is valid:
 - (a) from the date of issue or the date of the beginning of the quarter for which the import licence is issued, whichever is later; and
 - (b) for five months from the applicable date in subparagraph (a) or until the end of the marketing year, whichever comes first.
8. Import licences may be used at any European Union customs entry point and for multiple shipments.

Eligibility criteria

9. The eligibility criteria and allocation method should result in the quotas going to those persons that are most likely to use it and must not create barriers to imports.
10. During the application period, eligible applicants shall include historical importers of beef, bison or veal for beef and veal imports and historical importers of beef, bison, veal or pork for pork imports.
11. In any quarter following the application period when licences are made available on demand, the eligibility criteria for applicants will be expanded to include wholesalers and accredited meat processors.

Securities

Securities tied to import licence applications

12. A security of not more than 95 euro (€) per tonne of beef and 65 euro (€) per tonne of pork will be lodged with the application for a licence.

Transfer of licence and corresponding security

13. Licences are not transferable.

Return of licence and corresponding security

14. Unused licence quantities may be returned before expiration and up to four months prior to the end of the marketing year. Each licence holder may return up to 30 per cent of their individual licence quantity. When such a quantity is returned, 60 per cent of the corresponding security is released.
15. All returned quantities will be immediately made available to other eligible applicants to apply for on demand for the rest of that quarter, and will be rolled over to subsequent quarters if not requested.

Release of security and release of full security when 95 per cent of imports occur

16. Securities shall be proportionally released each time actual imports have taken place.
17. Once 95 per cent of an importer's individual licence quantity is actually imported the full security shall be released.

SECTION B

Declaration concerning Canada's administration for cheese tariff rate quotas under this Agreement

1. The general principle is that tariff rate quota administration should be as conducive to trade as possible. More specifically, it must not impair or nullify the market access commitments negotiated by the Parties; it must be transparent, predictable, minimise transactional costs for traders, maximise fill rates and aim to avoid potential speculation.
2. The eligibility criteria and allocation method should result in the quotas going to those persons that are most likely to use it and must not create barriers to imports.

Structure of the import licensing system

3. The annual tariff rate quota quantity will be allocated each year among eligible applicants.
4. The tariff rate quota allocation method will allow for new entrants each year. During the phase-in period from Year 1 to Year 5, at least 30 per cent of the tariff rate quota will be available to new entrants every year. After the end of the phase-in period from Year 6 and in subsequent years, at least 10 percent of the tariff rate quota quantity will be available for new entrants.
5. The tariff rate quota quantity will be allocated on a calendar year basis. Applications from all interested parties will be received and processed according to the provisions of the Understanding on Tariff Rate Quota Administration Provisions of Agricultural Products, as defined in Article 2 of the Agreement on Agriculture, Ministerial Decision WT/MIN(13)/39, 7 December 2013, with a period of four to six weeks to submit applications. Imports will be able to start from the first day of the year.
6. In the event that the tariff rate quota is not fully allocated following the application process in paragraph 3, available quantities will immediately be offered to eligible applicants in proportion to their allocation, or on demand if quantities still remain after the first offer.

Eligibility criteria

7. To be eligible, an applicant shall be, at a minimum, a resident of Canada and be active in the Canadian cheese sector regularly during the year.
8. During the phase-in period from Year 1 to Year 5, a new entrant shall be an eligible applicant who is not an allocation holder under Canada's cheese tariff rate quota under the WTO.
9. After the end of the phase-in period, from Year 6 and in subsequent years, a new entrant shall be an eligible applicant who is not an allocation holder under Canada's cheese tariff rate quota under the WTO or did not receive an allocation of the tariff rate quotas under this Agreement in the preceding year.
10. A new entrant shall be considered as such for a period of three years.
11. Once an applicant is no longer considered to be a new entrant, the applicant shall be treated the same as all other applicants.
12. Canada may consider limiting the size of allocations to a specific percentage if it is deemed necessary to foster a competitive, fair, and balanced import environment.

Use of import allocations and import permits

13. A tariff rate quota allocation shall be valid for one quota year or, if issued after the beginning of the quota year, for the remainder of the quota year.
14. To ensure that imports are aligned with domestic market conditions and to minimise barriers to trade, an allocation holder will normally be free to use its allocation to import any product covered by the tariff rate quota at any time during the year.

15. On the basis of its allocation, an importer will submit an import permit request for each shipment of product covered by the tariff rate quota that the importer seeks to import into Canada. Import permits are normally issued automatically upon request through the electronic permitting system of the Government of Canada. Under current policies, import permits may be requested up to 30 days before the planned date of entry and are valid for a period of five days before and 25 days from the date of entry.
16. Permits are not transferable.
17. An import permit may be amended or cancelled.
18. A transfer of allocations may be authorised.
19. An allocation holder that uses less than 95 per cent of its allocation in any one year may be subject to an under-utilisation penalty in the following year, in which it will receive an allocation that reflects the actual level of use of the previous allocation. An allocation holder affected by an under-utilisation penalty will be advised prior to the final allocation of the tariff rate quota.
20. An allocation holder may return an unused quantity of their allocation up to a specified date. Returned quantities will be considered used for the purpose of the application of the under-utilisation penalty. Chronic returns may be penalised.
21. Returned quantities will normally be made available to interested allocation holders who have not returned any unused quantity of their allocation the day after the return deadline. If quantities remain after that, they may be offered to other interested third parties.
22. The return deadline will be set at a date that is early enough to give sufficient time for use of the returned quantities, while being late enough to allow allocation holders to establish their import needs until the end of the year, possibly near the middle of the quota year.