

A NEW BUSINESS PLAN FOR EUROPE

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Alcan Aluminium faces a tariff of 6 per cent in selling primary ingot to Europe which, says Marcel Daniels, its vice-president for Europe, cuts not only its share of the local market but the market itself. European consumption trails that of North America and Japan where there is no tariff. And the extra cost irks Alcan customers who have formed a federation to lobby against it.

Normally, arguments about tariffs wait on world trade talks. But, in this case, Europe's tariff stayed after the last Uruguay Round of Talks that took 10 years to complete and the next trade round, dubbed the Millennium Round, has not started or even been agreed to. So, rather than wait endlessly on events, Montreal-based Alcan is using every forum it can find to make the case for eliminating the tariff.

This week, it will find a new forum with the launch of **CERT**, the **Canada Europe Round Table** - a business grouping designed to bring trade irritants like Alcan's to the attention of officialdom in Ottawa and Brussels. When it is launched on Wednesday, ahead of a Canada-European Union summit that takes place in Bonn two days later, **CERT** will have the stamp of authority on it. International Trade Minister Sergio Marchi, EU Trade Commissioner Sir Leon Brittan and Canadian ambassador to the EU, Jean-Pierre Juneau, will do the launching in Brussels. But **CERT**, say backers such as Max Kaufmann, director of European affairs for Swiss pharmaceuticals giant Novartis, will work only if it is "business-driven."

The idea is to tackle real-life problems and distractions that get in the way of a \$45-billion two-way trade relationship, the second largest Canada has after the United States. Initially, **CERT** will consist of blue-chip companies, among them Interbrew, Nortel Networks, Alcan, Seagram, Solvay, Norsk Hydro, Bombardier, Lufthansa, Commerzbank and BMW. Later, the membership will be broadened.

On the European side, they say there are many small and medium-size companies interested in finding Canadian business partners. To deal with trade and investment issues, the **CERT** member companies will operate in two working groups, one on market access and tariffs, the other on intellectual property, biotech and agrifood. The object is to look at new, promising areas for trade, not rehash old differences over hormone-treated beef or auto tariffs or wine labelling.

An early call the group will make is for governments to keep the Internet tax free so as to allow E-commerce to develop. The Europeans have many such dialogues, though this will be the first with Canada. Their most important is the Trans-Atlantic Business Dialogue (TABD), comprising U.S. and European corporations but also some Canadian firms that have U.S. affiliates. TABD looks at EU-U.S issues but may also be a model for its Canadian equivalent, **CERT**; at its most recent meeting, it suggested an early warning system could be established to pinpoint potential trade conflicts, something that would work for Canada too. Both TABD and **CERT** are likely to push for involvement in the planned World Trade Organization ministerial meeting in Seattle in November. A European Commission official says that, on a number of issues, the environment, intellectual property rights, relations with the Third World, there is not so much difference between positions taken in Brussels and Ottawa and it is easier for Europe to work with Canada than the United States.

While **CERT** may help make more noise about Canada-EU trade, its arrival can also be seen as a confirmation of the status quo and therefore a setback to the hopes once raised for a NAFTA-EU free-trade pact. Canada has been proposing a TAFTA (transatlantic free-trade area) since 1995 with no success. Since that time Sir Leon has suggested a trade deal just with the United States but has run into French objections; the EU has started a negotiation with Mexico but is unable to get the market-opening concessions it wants; and Canada has pushed ahead with an action plan that concentrates on sectoral trade.

Trade fights across the Atlantic have multiplied. And the big issues, such as European agricultural protectionism, are no nearer to resolution. To placate the French, EU leaders rejected plans for a drastic cut in farm support at a summit in Berlin in March. European officials say that a TAFTA of the largest trading nations is not a bird that will fly. It is better to work on improving relations with Canada and the United States separately, and leave the big free-trade push for the WTO Millennium Round. But European enthusiasm for such a round is predictable; because they will have to liberalize their agricultural regime, they would prefer to bargain to get something in return. That serves their interest, while it remains to be seen how much groups like **CERT** will serve Canada's.