

Speech by Commissioner Pascal Lamy

“Bridging the Atlantic: Canada-EU Trade Relations”

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Canada has always been an important partner for the EU. This historical co-operation between Canada and Europe was first formalized in 1976, with the signing of the EU-Canada Commercial and Economic Co-operation Agreement (1976 Framework Agreement), the first of this kind to be concluded by the EC with a developed country. Since then, the EU-Canada co-operation has consolidated and broadened, notably on the basis of the 1990 Joint Political Declaration and the 1996 Joint Declaration and Joint Action Plan. In addition, Canada and the EU, on the basis of shared values and principles, have worked together in the international arena on a variety of global issues. We like to say that Canada is rather a European country in many ways, if we just think about how we approach the Kyoto Convention, development assistance, or Iraq. Of course, Canadians like to say that Europe is rather Canadian. But it comes to the same thing. We can and do work closely together, and we can and should do more.

As expressed in the 1996 EU-Canada Joint Declaration, the existing close governmental co-operation needs to be cemented by links between our people. The audience here today proves our achievement in this respect. As a Commissioner, I have always expressed my conviction that international co-operation and policy-making should involve the various stakeholders, including parliamentarians and business communities. I thank CERT to give me this opportunity to put once more this conviction into practice, and for continuing to provide an effective forum which brings together the business communities on both sides of the Atlantic and articulate business input to policy-making. And I particularly welcome CERT’s recent achievements in terms of increased membership and visibility, as well as their renewed efforts to keep governments on both sides of the Atlantic focused on improving and developing EU-Canada relations.

In terms of trade, Canada and the EU also have a good and long-standing relationship. This is not surprising, given that we share the belief that trade is one of the keys to increased prosperity and welfare, not only for our societies but also for the international community at large. But I said earlier that the EU and Canada share a common political approach, and it is therefore no surprise that neither of us takes a simplistic, mercantilist approach to trade. Of course market access is vital, but you also need rules to make that market access effective. And although we differ on a number of subjects – such as agriculture – with Canada (or should that be western Canada), we agree strongly on the development angle to trade. I could go on, but the list of areas of close cooperation is a long one. Our community of values stretches to common approaches to the environment, cultural diversity, and consumer protection, for example.

What is the best framework to take forward those commitments? Answer: and again, we agree – it is the multilateral trading system. Close bilateral co-operation between the EU and Canada in the WTO helped to achieve the successful launch of a new round of negotiations at Doha. Canada and the EU now accord high priority to the successful conclusion of negotiations in all areas by the end of 2004, as well as the provision of the appropriate assistance to the developing countries to ensure that not only can they participate fully in the negotiations, but that they can fully implement the results and benefit from the outcome in terms of real integration into the world economy.

Let me now turn to the trade and investment relationship between Canada and the EU where a significant improvement has been experienced over the years, both in “quantitative” and “qualitative” terms.

According to Eurostat, bilateral trade in goods has more than tripled since 1980 (more than 40% increase between 1998 and 2001). Trade in services follows the same trend, with an increase of almost 40% between 1998 and 2000. Finally, two way investment has also experienced a strong growth and has become the most dynamic element of the transatlantic relationship. The EU is currently the second investor in Canada after the US.

Under the framework set by both the 1996 Joint Action Plan and the 1998 EU-Canada Trade Initiative, the Canada and EU authorities have developed a close relationship that has led to the conclusion of several agreements in a number of areas (such as the 1997 Customs Co-operation Agreement, 1998 MRA, 1999 Veterinary Agreement and 1999 Competition Agreement), as well as to the successful management of potential disputes (Canada and the EU are not involved in any WTO confrontation at this stage). In addition, we are currently working on the conclusion of a wine and spirits agreement that would solve many outstanding issues between us.

However, for some areas identified by ECTI, little progress has been achieved (i.e. public procurement) and further work needs to be done in order to ensure full implementation of the existing agreements. Mindful of the potential of our bilateral trade and investment relationship, we have made a commitment to move our co-operation further. Acknowledging the role that our respective business communities (key stakeholders) play in all this, the Canadian Government and the Commission agreed to conduct parallel business surveys to identify the existing barriers to bilateral trade and investment, as well as the best way to address those barriers from a governmental perspective.

The outcome of the surveys (provisional in the case of the EU survey, pending final report) is not surprising. Both markets are perceived as globally open. Our business show interest in the other market, even if the predominance of the US market still plays a significant role. Classical border measures (tariffs, quotas) play a minor role, and the main impediment to trade and investment are related to regulations (i.e. lack of transparency and divergence in technical and sanitary standards, lack of recognition of professional qualifications, etc.). Frankly, I am unsurprised, given the degree of development and openness of our respective economies, that this is the case, but it is nonetheless reassuring.

This only confirms my conviction that if we want our trade and investment relationship to reach its potential, we have to address these regulatory barriers. And frankly speaking, there are the key issues, not the pure market access issues, which, in any case, will be addressed in the Doha Development Agenda. I am well aware of the difficulties of such an exercise, as it directly involves domestic policy, but I am confident that with our shared values and a solid political will, we can make real progress.

The Canadian Government and the Commission have already taken a first step, by recently agreeing to initiate a closer regulatory dialogue. The Commission is also willing to engage in further action in other areas not addressed by the on-going multilateral negotiations. Just to name one or two: mutual recognition of professional qualifications and increased access to our respective government procurement markets. But there are other areas we are ready to consider.

I think it follows, therefore, that concerning the longstanding Canadian proposal to negotiate a EU-Canada FTA, that our view is that there better ways to look to reinforce our trade and investment relations. I believe that market access based FTAs, despite their symbolism, are an outdated formulation. Trade-enhancement agreements are nowadays more about rules than purely market access issues, which, in any case, are best dealt with multilaterally.

So while we differ on this point, I think we have plenty of scope to move forward: with a goal of deepening EU-Canada relations. With the Summit less than a month away, now is the moment for our respective authorizing environments – Member States, parliamentarians, to provide their input into this process. And I would like to conclude, very simple, by throwing down this gauntlet to you.