

# 5 key issues in the Canada-EU trade deal

## 2-day ministerial talks in Brussels attempt to nail down final details of agreement

By Janyce McGregor, [CBC News](#) Posted: Nov 22, 2012

International Trade Minister Ed Fast and European Union Trade Commissioner Karel De Gucht are in talks today and tomorrow in Brussels, trying to close the deal on a free-trade agreement.

Here's a guide to what has been on the table up to now — and what's likely to be on the ministers' agenda for final negotiation:

### 1. Tariffs

The Comprehensive Economic Trade Agreement between Canada and the EU, or CETA for short, was not intended to merely tinker with tariffs on imported goods. From the outset, the goal was a reduction in tariffs to zero and the opening up of new markets.

Agreement has been reached on a long list of goods. Harper government ministers were out last week spotlighting a few of these, including relatively low-value but uniquely Canadian items like maple syrup, canoes and Tilley hats.

Several sectors are poised for a more substantial score under CETA, and the government is hoping to market the deal's potential based on regional interests:

- ← Atlantic Canada could see its seafood industry benefit from the removal of previous double-digit tariffs, level with what Europe's industry enjoys in Canada now.
- ← Textile manufacturers in Central Canada may no longer face prohibitive barriers to selling into Europe.
- ← Ontario's automotive sector was to see similar trade-boosting tariff reductions — but the highly integrated nature of the North American industry has made negotiations difficult, especially since

the United States won't start its own talks with Europe until next month at the earliest.

← As previewed by Fast last week, Western Canada's forestry sector could see the disappearance of tariffs, which are currently affecting sales.

## 2. Farm commodities breakthrough?

The agricultural sector hasn't seen major trade movement for more than two decades, with the exception of smaller bilateral deals such as the export of Canadian beef into targeted markets in Asia.

The playing field between Canadian and European farmers is notoriously difficult to level: European countries subsidize their domestic farm industries to an extent not seen (and not affordable) in Canada. In fact, Canada's [supply-management system](#) for dairy, eggs and poultry, which [will remain under this agreement](#), is designed to avoid government subsidies by controlling the prices consumers pay to ensure stable returns for farmers.

Both sides have been using quotas to shut each other's farmers out of their respective home turf. [CETA is attempting a major market access play](#) on several key commodities.

The agriculture negotiations were left to the end. Ministers this week are considering concessions on both sides that will affect grains, beef, pork and dairy products such as cheese.

While agricultural commodities are not expected to be directly traded off against each other in this deal, there are benefits across sectors. For example, Canadian dairy farmers usually sell their (often male) dairy calves as veal, and that could see improved European market access if beef trade opens up. If the Canadian livestock industry's decline is slowed or reversed with European market gains, the grains sector would benefit from higher domestic demand for grains sold as livestock feed.

## 3. Intellectual property (copyright)

Few issues have seen as vigorous a debate among civil society groups on both sides of the Atlantic as this. European demands for

extended patents on prescription drugs remain one of Canada's most difficult decisions, as [drug costs for provinces and territories could jump significantly](#).

But other hot aspects of the copyright debate have simmered down. The passage earlier this year of Canada's Copyright Act reforms, C-11, eased European demands to bring Canadian standards up to scratch.

In addition, the Europeans appear to have cooled to more ambitious copyright moves. Last July, the European Parliament voted down its first international treaty, the Anti-Counterfeiting Trade Agreement (ACTA), after a heated public debate about freedom of expression and privacy as well as condemnation of the "secret" talks that drafted it.

Some feared ACTA measures could re-appear as part of CETA. But threats from the Netherlands and others appear to have ruled that out.

Having signed on to a treaty once only to see it voted down, the European Commission is perhaps wary of a repeat performance with its Canadian free trade deal — [something it wants to generate momentum for freer trade with other partners down the road](#).

## 4. Government procurement

European access to large contracts at all levels of government in Canada has been a [key EU demand](#). But Canadian negotiators had a specific demand of their own: A "negative list" approach, allowing provinces and territories to draw up a list of desired exemptions.

Sorting out the details spent a lot of negotiating capital on both sides, but the end result is a list of exemptions similar to the one in place for the Buy American agreement with the U.S.

Canada's experience with interprovincial trade came in handy in the negotiations. The procurement agreement will be subject to effective thresholds, just like interprovincial trade agreements here.

Only [larger cities doing multimillion-dollar infrastructure projects](#) or

purchasing goods and services with six-figure price tags will need to tender internationally. Canadian governments retain the right to specific local labour requirements and environmental standards even as they contract out for competitive and cost-effective European technology and expertise.

In return, Canadian firms will have a chance to market their services in Europe, which would present an opportunity for a green technology sector that is competitive in areas such as alternative energy, waste management and environmental cleanup.

## 5. Labour and investment deals

CETA is set to make it easier for Canadians and Europeans to work in each other's jurisdictions, thanks to successful labour mobility negotiations.

It's unclear whether the hard feelings in Bulgaria, Romania and the Czech Republic caused by recent Canadian visa requirements will be soothed by CETA's measures.

Foreign investors will also have new protections under this deal, including a dispute-resolution mechanism similar to Chapter 11 of NAFTA.

Because the rules will apply to all levels of government, it's expected Canadian provinces and territories will be asked to formally agree to comply with the deal. However, the actual ratification will happen only on Parliament Hill — no provincial or territorial legislature will have the power to block it.

Parallel to these trade negotiations, a political agreement for which Foreign Affairs Minister John Baird is ultimately responsible is being negotiated at Europe's request. It's unclear whether this "Strategic Partnership Agreement," which is said to cover things like justice and counterterrorism measures, will be unveiled at the same time as the trade deal, but the two sides are said to be close.