

WILSON AND ROBSON

A final push for Canada-Europe trade

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Openness to trade, investment and people from around the world has been vital to Canada's economic success. A trade and investment agreement with the European Union – the largest trading bloc in the world – promises more huge gains.

It is dismaying, then, that more than four years of negotiations toward a Comprehensive Economic and Trade Agreement (CETA) between Canada and Europe has yet to produce a deal. Some observers detect ominous signs of protectionist backsliding. Delays may unravel a major success.

These negotiations started because an ambitious deal makes eminent sense for both sides. It offers enhanced market access for goods and services, more open government procurement and easier temporary movement of skilled people across the Atlantic. These represent opportunities for exporters, gains for consumers and taxpayers, enhanced competitiveness in third markets. Success would boost confidence and investment.

Moreover, for Canada, it's part of a larger strategy. The United States and EU are negotiating their own bilateral deal. Canada will suffer if left out.

At least as important is another ambitious effort: the Trans-Pacific Partnership. The TPP involves many of the world's largest and most dynamic economies, and deals with other vital Canadian interests. Completing the CETA will let Canada shift its energy decisively toward the TPP, bolstered by compelling evidence that Canada can commit and deliver.

Canada's government and its negotiators know all this – yet after meeting with European Commission President Jose Manuel Barroso last month, Prime Minister Stephen Harper [spoke](#) of "significant gaps" preventing agreement. What's gone wrong?

One problem is agricultural protectionism by producers of beef in the EU and dairy in Canada. Canadian provinces and municipalities cling to discriminatory procurement and local processing requirements, prompting a tit-for-tat EU approach. Different regulatory approaches could throw up more obstacles.

These issues slow the talks and can lead both sides to back away from previous points of agreement. If this drags on, it could result in a deal worse than we could conclude today, or even a deal not worth signing.

What to do? Happily, an opportunity has been created by the re-election of German Chancellor Angela Merkel, plus vocal support for a deal from other key European leaders, such as British Prime Minister David Cameron and Italian Prime Minister Enrico Letta. Canada should make one more push for a deal.

When it comes to agriculture and government procurement, what typically separates the two sides are not major points of principle, but specific quantitative limits, thresholds or time frames. Flexibility is needed. Reconciling differences over standards is harder, but Canada has managed such challenges before, and it would be ludicrous if minor differences in approach prevented a group of like-minded developed democracies from taking such a major step.

Canada's record of economic progress under trade liberalization has been strong. A CETA that builds on that record is tantalizingly close, and would build momentum as Canada seeks other trade opportunities. A rapid drive to completion can yield a deal well worth having.

Canada has the ingenuity and leadership to get the CETA done. It's time to use them.

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