

Cameron presses for completion of Canada-EU trade deal

DAVOS, Switzerland— The Canadian Press
Published Thursday, Jan. 26, 2012 7:17AM EST

Quick completion of a trade deal with Canada will help Europe regain some of its competitive edge, says British Prime Minister David Cameron.

In a speech that urged Europe to take decisive action to stem its financial crisis, Mr. Cameron told delegates at the World Economic Forum that free trade pacts are key.

“Rather than trying to involve everyone at once, let us get some bilateral trade deals done,” he said, directing his comments to European Union members.

“Let's get the EU trade agreements — with India, with Canada, with Singapore — finalized by the end of the year.”

Ottawa has also said it wants to get the deal with the 27 EU nations done this year. The pact has been under discussion since 2009. Canadian and European negotiators are meeting next week to hash out the remaining hitches.

Mr. Cameron also urged Europe to increase the size of its bailout and deal quickly with Greece's debt in order to keep the short-term crisis under wraps.

“We still need those urgent short-term measures to be put into effect,” Mr. Cameron told the meeting.

He said Europe needs to make “painful choices” in both the short and

long term in order to find its competitive edge.

That message will no doubt be repeated later Thursday by Prime Minister Stephen Harper, who is addressing the forum plenary.

Like Mr. Cameron, who is close to Mr. Harper, both ideologically and on a personal level, the Canadian prime minister will also stress free trade as the best way to spur growth led by the private sector.

But Mr. Harper's speech will also focus on the domestic economy.

Canada needs to take steps to preserve its hard-won economic stability, Mr. Harper is expected to say in a speech that will likely elaborate on those steps.

Mr. Harper will riff on the "painful choices" theme later today, discussing ways Canada can flourish without putting its fiscal reputation at risk, officials said.

"As I think everybody knows, we've been doing relatively better during a period of considerable global trouble," Harper told a small handful of business men to launch a morning roundtable discussion. "But we're continually looking at ways that we can improve our performance and create jobs for Canadians."

The economic turmoil and lack of banking stability in Europe has been a major preoccupation for many of the movers and shakers at the annual brainstorming session in this Alpine town.

On Wednesday, German Chancellor Angela Merkel disappointed many with an opening address that shut down any discussion of substantially increasing the size of a bailout fund for the eurozone.

Like many regions around the world, members of the European Union are trying to find ways to foster economic growth and job creation

without running up the national debt.

Mr. Harper will also be meeting with Cameron at the end of the day before flying back to Ottawa.

Canada's debtload is in far better shape than most developed countries, but Mr. Harper has still made elimination of the deficit a medium-term priority. His upcoming budget is expected to detail extensive cuts in government spending.

At the same time, government officials and Canadian business are actively looking for ways to encourage growth without running up spending. Some ideas being tossed around include public-private partnerships, long-term government investment in infrastructure, and government-backed loan guarantees.

But Mr. Harper's main approach is to open international doors for Canadian business by talking up Canada's energy and natural resources, pushing for free trade, and negotiating trade deals with as many countries as possible.

A new study released Wednesday, however, contradicts Mr. Harper's pitch about the Canadian economy being in better shape than others.

Number crunching by Canadian Auto Workers economist Jim Stanford shows that once population growth is taken into account, Canada's growth and job creation over the past few years has been decidedly mediocre.

He argues that growth and job creation calculated per person is far less stellar than the claims from the prime minister frequently suggest.

"It turns out that both components of this dual boast — that the damage from the recession has been repaired, and that Canada fared much better than other countries — are false," Mr. Stanford writes.

Since Canada's population has grown by about 1.2 per cent over the past five years — more than in many G8 countries — stronger growth and job creation are required to merely tread water.

Instead, neither gross domestic product nor job growth on a per capita basis have recovered to pre-recession levels, Mr. Stanford shows.

Canada's economic growth, again on a per capita basis, is smack in the average of the countries in the Organization for Economic Development and Co-operation, the paper says. He has similar findings for employment levels.

“The self-congratulatory tone of so many official pronouncements in Canada is clearly unjustified,” he concludes.

That didn't stop federal officials from touting their claims once again on Thursday.

“Thanks to Canada's economic action plan and Canada's strong economic and financial fundamentals, the Canadian economy has recovered from the global recession better than most other industrialized countries,” the Prime Minister's Office said in a statement.

At his morning roundtable, Mr. Harper discussed the global economy and Canada's energy prospects with a very small group including Andrew Michael of KPMG and John Rice of GE Growth and Operations.

Bank of Canada Governor Mark Carney and International Trade Minister Ed Fast were also at the roundtable, set up to discuss investment conditions in the global economy and opportunities to invest in Canada.