

Can-EU trade talks look good but face 3 potential sticking points: Spanish envoy

By Jonathan Montpetit, The Canadian Press

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MONTREAL - A European diplomat identified three potential obstacles Tuesday to a free-trade deal with Canada: intellectual property rights, agriculture and government contracts.

Though the outlook for a wide-ranging Canada-EU treaty remains positive, Spain's ambassador to Ottawa indicated several areas will require significant concessions from both sides.

"There are of course some chapters which will be very easy to close," ambassador Eudaldo Mirapeix told reporters after a luncheon speech in Montreal.

"There are two or three which are difficult, (but) not insurmountable."

Both sides are working to conclude an expansive free-trade agreement by the end of 2011.

Ottawa hopes an eventual deal will be even more comprehensive than the North American Free Trade Agreement, and predicts it would boost the country's GDP by \$12 billion annually.

But the upcoming round of negotiations in Brussels this July will likely be more difficult than previous bargaining sessions as trade representatives broach the specifics of a deal.

Mirapeix singled out government procurement issues as especially sensitive, given that Canadian provinces are responsible for roughly 75 per cent of state contracts.

The provinces all have seats at the negotiating table; some have indicated they may be reticent to open public tenders to European bidders.

"The federation is the entity that signs the agreement but it is implemented by the provinces," Mirapeix said. "This might bring some long discussions until we come to an agreement."

The presence of the provinces marks a first in Canadian trade negotiations, but was insisted upon by the Europeans, who have made access to the lucrative market for sub-federal contracts a priority.

At the same time, the provinces could resist any European effort to curb the supply management of agriculture.

"Agriculture is supposed to create some discussions, some problems . . . (especially) dairy," Mirapeix said.

Last month, the Conservative government sought to assure both the dairy and poultry industries that supply management was off the table.

"If we open our borders there will be huge difficulties for these sectors," Jean-Pierre Blackburn, minister of state for agriculture, said at the time.

"There would need to be changes for the way we do things. And we're functioning very well in Canada."

But as negotiations move forward, some observers wonder how a final deal

can be possible without concessions on that front.

"It's hard to see that any future trade agreements will come about with zero impact on supply management," Shirley-Ann George, senior vice-president of policy at the Canadian Chamber of Commerce, said in a recent interview.

"I have a hard time envisioning any trade agreement in which one small sector would be provided the opportunity to stay so protected."

The third sticking point highlighted by the Spanish envoy is intellectual property rights, but tensions here may be eased if Ottawa is able to pass a new copyright bill over the coming months.

Proposed changes to Canada's outdated Copyright Act are scheduled to be tabled in the House of Commons on Thursday, and could appease EU concerns about lax enforcement.

However, several previous attempts to update the Copyright Act over the past decade have failed, while any new changes will almost certainly face robust opposition from various stakeholders.