

# Canada a 'beachhead' for EU free trade deal with US

By Michel Comte (AFP)

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OTTAWA — If Europe can secure a free trade deal with Canada, it would lay the groundwork for a planned, much larger accord with the United States, French and Canadian leaders said Thursday.

French Prime Minister Jean-Marc Ayrault was in Ottawa for talks with his opposite number Stephen Harper and both were upbeat about the chances of a deal between Canada and the 27-nation European Union.

US President Barack Obama has made a trans-Atlantic trade pact with Europe one of the priorities of his second term, and America's northern neighbor is keen not to find itself sidelined in upcoming talks.

"I think it's important for Canada to sign a deal with the European Union in and of itself," Harper told a joint press conference in Ottawa.

"It obviously would be an added benefit to us to get this done long before the Americans do such a deal," he added.

"And for the Europeans, I think it would be important to get this beachhead to Canada in terms of its own ambitions for a deal with the United States."

A transatlantic deal would give Canadian companies access to 500 million European consumers and eliminate 98 percent of Canadian tariffs on EU goods.

Negotiations started in 2009 with the expectation they would be concluded by late 2012, but they became deadlocked over a few holdout issues, mainly in agriculture.

With fears mounting that the talks might be sidelined when Brussels begins separate negotiations with Washington, Ayrault and Harper met hoping to get the stalled Canada-EU track back on the road.

"I'm sure that we'll be able to move closer together toward fair trade," Ayrault said, adding that a Canada-EU trade agreement could be a

"model" or "precursor of sorts" to an EU-US deal.

The EU is Canada's second-largest trading partner after the United States, its partner along with Mexico in the 1994 North American Free Trade Agreement.

A de facto trilateral trans-Atlantic pact liberalizing investment and harmonizing regulations in the European Union, United States and Canada would be the world's largest free trade zone.

It would have access to 850 million consumers and be Western juggernaut facing rising economies such as China.

Bilateral Canada-EU trade reached a record Can\$116.4 billion (\$113.8 billion) in 2011, up 10 percent from the previous year, with Canadian exports led by gold, aircraft, diamonds, uranium and iron ore.

Officials said free trade would boost bilateral exchanges by as much as 20 percent.

"The most sensitive issues have to do with balanced exchanges in the agricultural sector," Ayrault said.

The EU is seeking to lower tariffs of up to 300 percent shielding Canada's supply-managed dairy industry from imports of European cheeses.

Ottawa is pressing for increased access to EU markets for Canadian beef and pork, which Ireland opposes.

A EU-US deal, meanwhile, would add 0.5 percent to the EU economy every year, according to European Commission President Jose Manuel Barroso.

After Ottawa, Ayrault travels to Toronto, Montreal and Quebec City, where he will meet with provincial premiers.