

# Canada quashes hints of imminent Canada-EU trade deal

Channel NewsAsia

June 8, 2013

OTTAWA: Canada on Friday poured cold water on widespread speculation that a Canada-EU free trade deal would be announced when the prime minister travels to Europe next week.

"We're actually trying to sign the most comprehensive trade agreement that Canada has ever signed... and we're not there," Prime Minister Stephen Harper's communications director, Andrew MacDougall, told a media briefing.

"We're down to a few outstanding issues..., negotiations are ongoing and I don't expect that we'll be in a position to sign a deal next week."

Harper is scheduled to fly to London on June 11-13, then to Paris on June 13-15 and Dublin on June 15-17 to promote trade and investment, and underscore the importance of concluding a deal between Canada and the 27-nation European Union.

He will meet with officials and business executives, and have a private chat at Buckingham Palace with Queen Elizabeth II, Canada's titular head of state.

Thereafter, the prime minister joins other G8 leaders in Lough Erne in Northern Ireland for an annual summit.

A transatlantic deal would give Canadian companies access to 500 million European consumers and eliminate 98 per cent 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, Harper has hosted several European leaders over the past year - most recently French Prime Minister Jean-Marc Ayrault in March - hoping to get the stalled Canada-EU track back on course.

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, both French and Canadian leaders said in March.

Both EU and Canadian officials, however, have downplayed the urgency.

"We are aware obviously that there are plans for the EU to negotiate with the US but it's also equally in the other

side's interest, you could argue, to conclude an agreement to show what kind of agreement is possible and to get an ambitious agreement that would serve as a benchmark for future negotiations," MacDougall commented.

"We have not reached an agreement that Canada is comfortable with yet," he added.

MacDougall reminded also that increased trade would give the struggling EU economy a much-needed boost.

"We will make that case loudly and clearly," he said.

Bilateral trade reached a record Can\$116.4 billion (US\$113.8 billion) in 2011 making the EU 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 liberalising 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 constitute a Western juggernaut with respect to rising economies such as China.