Canada strikes trade deal with EU

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Annual boost to trade is put at €25 billion; Canada ends visas for Czechs.

The European Union and Canada today reached agreement on a free trade deal that removes almost all tariffs, opens up the market for government contracts and eases migration for professionals.

The deal, which was announced in Brussels by Canada's Prime Minister Stephen Harper and José Manuel Barroso, president of the European Commission, is expected to add billions of euros to the value of trade between the partners.

Harper described the agreement as “an historic win for Canada” and predicted “thousands of new jobs” as a result of the deal with Canada's second-largest export market.

The agreement comes at the point when negotiations between the EU and the United States are about to enter a more serious phase. Today's deal removes the prospect of parallel trade negotiations and the possibility of consequent complications. It will also free EU negotiators to focus on the US talks and also on negotiations to liberalise trade with Japan.

The EU-Canada agreement includes a clause that if either side strikes better terms with other countries in other trade agreements, the benefits would be felt by the other party to the EU-Canada deal.

The announcement was accompanied by a statement by Harper that Canada will lift visa requirements for Czechs, an issue that has been a thorn in relations for the past four years. Canada imposed visas in 2009 in response to the arrival of Czech Roma in relatively large numbers.

The result

A 2008 report still cited as a point of reference by the European Commission projects that the trade agreement will add €25.7 billion, or 22.9%, to bilateral trade. The Commission puts the benefit to the EU as €11.6 billion annually.

The Comprehensive Economic and Trade Agreement (CETA) is the most ambitious yet struck by Canada. The sectors that should gain range from agriculture to mining, car production and the service economy, which may provide about half of the overall benefits for the EU. The negotiations included chapters on duties, on technical barriers to trade (such as standards) and included an investment agreement. The European Commission has been able since 2009 to negotiate investment protection for all EU member states.

The agreement does not give free movement to workers. However, it increases recognition of professional qualifications gained on either side of the Atlantic, making it easier to find work. It will also be easier for Canada's provinces and the EU's member states to agree on rules on migration for work.

The stumbling blocks

Diplomatic and technical preparations for the agreement began in 2007, with negotiations officially starting in May 2009. The process has proved complicated as well as protracted, with the final issues delaying the deal significantly. In early December last year, the European Commission said it was confident of a deal by the end of the year. Hopes of a breakthrough rose again in June, when Harper visited Europe to attend a G8 summit.

During the final phases of the talks, many issues came to the fore and were linked by the negotiators. For the EU, one of the major sticking points during the course of the negotiations related to intellectual property and particularly the length of patents for European drugs. For Canada, agreement on opening up their market for public contracts was complicated by the federal structure of the country.

However, the final issues were over agricultural trade, including beef, pork and cheese. In the end, quotas for all three were raised, to satisfy Canadian beef and pig farmers and European cheese-makers. Quotas for European cheese nearly tripled, more than tripled for Canadian beef and increased 12-fold for Canadian pork.

Both sides will now need to go through a complex process of ratification. Canada's provinces need to give their agreement, as does parliament. On the EU's side, the European Parliament and the EU's members states must give their blessing. The process could take up to two years.