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# Canada's Fast Says Momentum Building for EU Trade Accord

By Theophilos Argitis on March 13, 2013

Canadian Trade Minister Ed Fast said negotiations on a free trade pact with the European Union have built momentum and he's optimistic the two sides are near an agreement.

Fast, speaking in an interview at Bloomberg's headquarters in New York, said negotiators have made progress since European Union Trade Commissioner Karel De Gucht indicated last month that Canada's latest offer wasn't good enough, and that talks could be in jeopardy if the country didn't improve it.

"We're now into the end game where there is only a small number of issues left to be addressed," Fast said, adding they also happen to be the most difficult. "Even with those, we are making good progress in bridging the gaps."

The proposed agreement is the biggest test of Prime Minister Stephen Harper's efforts to diversify Canada's trade away from the U.S., by far its largest trading partner. The world's 11th largest economy has completed six trade accords since Harper came to power in 2006, and is in negotiations on a number of others, including with Japan and India.

"It's also important that Canada show that it can actually negotiate a trading agreement with a large trade partner," Fast said.

EU-Canada trade in merchandise was worth 52.5 billion

euros (\$62.4 billion) in 2011, while services commerce totaled 25.8 billion euros, according to the latest data from the European Commission, the bloc's executive arm. Sticking points have included Canadian access to the EU's beef and pork markets and European access to Canada's dairy market as well as to Canadian public procurement contracts at the provincial and municipal levels, the National Post newspaper has reported.

### 'Additional Steps'

"What was on the table simply didn't please me, so I didn't make an agreement," De Gucht told the European Parliament's international trade committee Feb. 21 in Brussels. "They need to make additional steps and, if not, there will not be an agreement."

Fast said the two sides have moved ahead since those comments.

"The key is to keep the momentum going towards a final conclusion to these negotiations and we are actually doing that bit by bit," Fast said. "Unlike my European counterpart, who I admire very much and have an excellent relationship with, I am committed, and my government is committed, not to negotiate through the media."

An agreement is expected to increase bilateral trade by 20 percent and add C\$12 billion annually to Canada's economy, according to the Canadian trade minister.

### Ending Tariffs

A negotiated accord, which would need the approval of EU national governments and the bloc's Parliament, may end 97

percent of tariffs on EU-Canada goods trade immediately and 99 percent after seven years.

Fast pledged to keep intact the “integrity” of Canada’s supply management policy, which limits imports of dairy products and other agricultural goods. He’s also told the European Union it won’t be exempted from Canada’s foreign takeover review process, which requires foreign investors to show that the transaction will be of “net benefit” to Canada.

The Canadian government automatically reviews all foreign takeovers of companies with asset values of more than C\$344 million. In December, after approving a bid by China’s Cnooc Ltd. for Calgary-based Nexen Inc., Harper added additional restrictions for state-owned companies seeking to acquire Canadian assets.

## Foreign Investment

“We’ve made it very clear to our EU partners that Canada’s foreign investment review regime has served Canadians well,” said Fast. “I’ve also noted for the Europeans that Canada has never turned down an investment from the European Union.”

Fast says he still expects Chinese companies to continue investing in Canada’s resources, even though the North American country would like to have a more balanced trade relationship. Fast said he’s still pressing Chinese officials to permit proposed investments by Toronto-based Manulife Financial Corp. and Bank of Nova Scotia.

“We remain engaged in promoting those investments with our Chinese counterparts,” Fast said. “Action speaks louder

than words and we're now looking for some concrete signs from our Chinese partners that they are willing to actually respect the interest of Canadians who do want to invest in China."

Canada is also working to protect the nation from counter-intelligence and cyber-security threats, Fast said, adding his government has prevented companies such as Huawei Technology Co. (002502) from bidding on government telecommunications contracts.

"We welcome investment from the Chinese provided they play by the rules and that they respect Canadian sovereignty, and that they not undertake the kinds of activities that would represent a security threat to Canadians," Fast said.