

Canada, EU fail to settle differences over free trade deal

David Ljunggren, Reuters | Feb 8, 2013 1:39 PM ET

OTTAWA – Canada and the European Union failed to settle their differences on a proposed free trade deal this week at top-level talks to hammer out an agreement that is already well behind schedule.

Canadian Trade Minister Ed Fast and EU Trade Commissioner Karel De Gucht spent Wednesday and Thursday in Ottawa discussing contentious issues including agricultural exports, intellectual property and public procurement.

The EU indicated Canadian demands for increased access for its agricultural products were one of the major obstacles.

“There are still a number of important gaps to be bridged before an agreement is reached,” EU trade spokesman John Clancy said in an e-mail on Friday.

“Quality and substance of the negotiations remain paramount over speed. On agricultural issues, we are now in a more realistic zone, but we are still not there yet.”

Talks on an agreement started in 2009 and were supposed to

have wrapped up by the end of 2011, a date that was later pushed back to the end of 2012.

Adding to the pressure on Ottawa, European Union leaders agreed on Friday to push for a free-trade pact with the United States — a market 10 times the size of Canada's.

Canada, which says free trade with the EU would boost bilateral trade by 20%, wants to diversify its trade away from the United States, which takes 75% of all Canadian exports. The EU takes just over 10%.

A spokesman for Fast said "further important work remains to be done, and the process of negotiations is continuing." He declined to say whether the two sides had set a deadline for the talks to conclude.

One source close to the talks told Reuters on Friday that "setback is too strong a word" for the meeting, noting what he said was both sides' determination to achieve a deal.

Canadian meat producers want an end to high EU import tariffs they say have effectively shut Canada out of a European market that consumes 8 million tonnes of beef products a year.

The producers will not reveal how much beef they would like to export, saying only that "it will be big." One industry source this week told Reuters "the Europeans can't possibly give the amount of beef the Canadians are asking for."

The Europeans want Canada to extend patent protection for major pharmaceutical companies, accept more EU dairy products and open up internal procurement markets.

The Canada Europe Roundtable for Business trade lobby this week urged negotiators to wrap up a deal soon, noting any

agreement would have to be voted on by the European Parliament, which is due to hold elections in April 2014.

If legislators do not deal with the treaty in time, it would be handled by the next Parliament, meaning ratification could be delayed by 18 months, the group added.