

Canada, EU reach free trade agreement

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OTTAWA - Canada and the European Union have made formal offers on services and investment in their latest round of trade talks, and Canadian Trade Minister Ed Fast said Thursday that "another milestone" had been reached.

"While some issues still need to be resolved, negotiations are now well-advanced, and solutions to them are being actively explored," Fast said in a statement.

Trade officials said here that there are still disagreements in several important areas, including intellectual property, on which Canada is starting a new round of changes to its copyright and patent rules, and agricultural subsidies as well as market protection.

The EU provides large subsidies to its farmers, while Canada controls milk, egg and chicken production through a supply management system to keep out foreign competition. Canadian farmers have to follow this system, which keeps prices high by limiting production, despite pressure on Canada during free trade talks with the United States and other countries.

Protectionism in government procurement rules is another major area of disagreement.

Officials described these problems as "the hardest part but also the most valuable" in the talks, which require quite "a lot of hard work." Yet they stressed that they were "optimistic" about the talks.

The negotiations are expected to conclude next year with a Canada-EU free trade deal that will, proponents say, increase trade between the two economies by 20 percent and create 80,000 jobs in Canada and a similar number in the EU.

Canada-EU bilateral merchandise trade reached 82.5 billion

Canadian dollars (about \$81.3 billion) in 2010. Canada has not had privileged access to any European market since Britain dropped its trade preference for Commonwealth countries in the 1960s.

Canada has been trying to make individual trade deals with countries around the world after the collapse of the Doha Round of trade negotiations.

However, some Canadian nationalist and environmental groups claim the free trade deal will open Canadian government services to privatization and foreign control. On Thursday, the Council of Canadians, which opposes the deal, sent a letter to each member of the European Parliament, saying the deal will force Europe to accept oil imports from Canada's controversial oil sands.

The council wants the talks to stop, noting the deal would "weaken and prevent social, health and environmental regulations, and protect investors' rights at the expense of democratic rights."