

Canada, EU reach major step toward finalizing free-trade deal

Barry McKenna

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Canadian and European negotiators have finalized the text of their long-awaited free-trade deal after months of hard bargaining over everything from agriculture and banking to investment rules.

But Canadian officials acknowledged that the agreement, which would eliminate virtually all tariffs on both sides, likely could take another two years to come into effect, leaving a cloud of uncertainty hanging over a process that is already five years old.

“This is another important step toward the implementation of the historic Canada-EU trade agreement, which will create jobs and economic opportunities for hard-working Canadians in every region of the country,” International Trade Minister Ed Fast said in a statement.

The 1,500-page agreement must still be translated into 23 languages, reviewed by lawyers and then ratified by the European Parliament as well as the European Commission.

The two sides reached an agreement in principle last October. But intense negotiations continued on issues ranging from financial services and investor protection to how beef and cheese quotas are shared out. In recent weeks, German officials expressed concerns about a provision in the deal that allows investors to sue governments for compensation before special tribunals when their rights are violated.

That leaves open the door that Germany, which has expressed concerns about allowing companies to sue governments for compensation, could still seek further changes to the deal.

“If Germany is really adamant about this, as the most important and economically powerful member of the European Union, their views

would be given serious consideration,” pointed out Matthew Kronby, who was Canada’s lead lawyer in the European free-trade negotiations until 2012.

Mr. Kronby, who is now a partner at law firm Bennett Jones in Toronto, acknowledged that parts of the deal could be reopened before full implementation, now set for mid-2016.

In Canada, Ottawa must also pass implementing legislation and work to keep the provinces on board.

The federal government put out a press release Tuesday hailing the completed the text, but without actually releasing the text – something that could still take months.

Prime Minister Stephen Harper and European Commission President Jose Manuel Barroso are slated to mark the formal end of negotiations at a Canada-EU summit in Ottawa in late September.

Because of necessary legal reviews and the translation process, it’s unlikely there will be an actually deal to sign at that time.

“Harper has to hold his horses. This is very early in a complicated and long process,” said Maude Barlow of the Council of Canadians, a frequent critic of trade agreements. “The whole process could take years and there are many opportunities along the way for the deal to implode, as has happened before.”