

Canada, European Union to begin free trade talks

BY DON CAYO, VANCOUVER SUN

APRIL 29, 2009

The European Union and Canada finally seem to be getting serious about free trade.

And they're not just going after any old deal. Rather, the negotiators' sights are set on an economic relationship even more comprehensive than what we have now with the Americans through NAFTA.

Formal talks on this big deal are to begin next week at the EU-Canada Summit in Prague. But a lot of the groundwork is already done.

Here in Canada, the feds have brought the provinces on board -- at least, enough for the Europeans to conclude a deal will be worthwhile. Newfoundland is still holding out while Premier Danny Williams grandstands -- surprise, surprise -- threatening to negotiate his own pact and lobbing pot-shots at his nemesis, Prime Minister Stephen Harper.

Meanwhile, other players are moving ahead without him.

Just this week, the 27 EU member states approved a negotiating mandate, a prerequisite for formal talks. And a "scoping exercise" was completed last month.

Scoping is a process to figure out in advance -- thus avoiding preventable deadlocks -- just what each side is willing to put on the

table. The answer seems to be virtually everything.

The list includes all of the remaining tariffs, of course, although these tend to be already low. But there are also a host of other proposals to enhance the flow of trade, investment and even people. Specifically:

- Common standards for food safety and other sanitary issues.
- Reducing technical barriers to trade through international standards and other means.
- Trade facilitation measures, especially for small and medium-sized businesses.
- Simpler Customs measures.
- Mutual recognition of professional qualifications, and elimination of barriers to cross-border trade in services.
- Enhanced opportunities for bilateral investment.
- Eliminating unnecessarily divergent regulatory approaches.
- Protecting intellectual property and, very importantly for Europe, geographical branding for products like champagne.
- And -- here's where the provincial support comes in -- providing access to procurement contracts for both national and subnational governments.

The economic importance of Europe to Canada has dwindled in the years since the fading of the Empire, and our export businesses have tended to focus most of their efforts on the U.S. But the current

financial crisis underlines just how iffy it is for Canadian companies to have too many of their eggs in that basket. The 500 million well-off consumers in the EU constitute an ever-more attractive market.

We already conduct a fair bit of trans-Atlantic trade, and even more investment. Our bilateral trade totalled \$210 billion in 2007, making the EU our second-largest goods trading partner, and we are the EU's 11th most important goods trading partner. For investment, which has more than doubled in the last decade to \$260 billion, the EU is Canada's second-largest foreign investor, and we're the fourth-largest in their countries.

The report of the scoping committee estimates the minimum added value of just the readily-quantifiable factors of an agreement would be \$18.5 billion a year for the Europeans, and \$13 billion a year for us. Frankly, I can't imagine that it wouldn't be a lot more than that. Especially for Canada. Because, as pretty well everybody's grandfather used to say, you have to fish where the fish are -- and their side of the pond has lots of big, wealthy ones.

dcayo@vancouver.sun.com