

TRADE

Canada-EU trade deal pushed back to summer, Dutch minister says

[BARRIE MCKENNA](#)

OTTAWA — The Globe and Mail

Published Thursday, Apr. 11 2013, 7:00 PM EDT

A sweeping free-trade deal between Canada and the European Union won't likely be completed until the summer, European officials now acknowledge.

The latest delay ratchets up pressure on Canada as European negotiators prepare to shift their focus and energies to two much larger and more important free-trade deals – with the United States and Japan.

Dutch Trade Minister Lilianne Ploumen said Thursday in a written brief to the country's parliament that European officials are now hoping to finalize a deal with Canada "around the summer."

A number of outstanding issues remain unresolved, including agricultural products and some service sectors, Ms. Ploumen said in the document posted on the Dutch parliamentary website.

Several politically sensitive issues have proved tricky, including the Canadian-content threshold for cars, reciprocal access for European cheese and Canadian beef, along with government purchasing and stronger patent protection for drugs in Canada.

Canadian and European negotiators are meeting this week in Brussels to try to narrow some of those differences.

"I'm surprised that they would start talking about the summer," remarked John Weekes, a former top Canadian trade negotiator and now a consultant with law firm Bennett Jones in Ottawa. "If you can't get political will to focus on a resolution now, why is that going to happen in the summer?"

Mr. Weekes added that by the summer the European Union will be in trade talks with both the United States and Japan, and by then the

political focus in Europe may have strayed.

The two sides originally set a target of last December to get a final deal. Later, there was optimism on both sides that a deal might be reached at a February meeting between Canadian International Trade Minister Ed Fast and European trade commissioner Karel De Gucht.

Both dates passed without an agreement and the negotiations are now into a fourth year.

But Canadian trade officials expressed little concern that a deal remains elusive.

“Productive discussions are ongoing between Canada and the EU,” insisted Adam Taylor, an aide to Mr. Fast. “Our government will only sign a trade agreement that is in the best interests of Canadians. We are continuing to pursue that objective, with our EU partners.”

The global trade landscape is changing quickly. The United States and Europe recently announced they would start free-trade negotiations in June. And next week, Europe will open a first round of talks with Japan – a country that Canada is also in discussions with.

EU chief trade negotiator Mauro Petriccione is leading the negotiations with both Canada and Japan. That means his time will soon be divided between two sets of complex negotiations.

The fact that both Canada and Europe are working on multiple deals at the same time is also a challenge. That is because one agreement can become a template for later deals.

And in a global trading environment, bilateral trade deals can put some companies at a competitive disadvantage in key markets as tariffs are lowered. Japanese auto makers, for example, have lobbied against the phase out of a 6.1-per-cent Canadian tariff on Kia and Hyundai cars in the proposed Canada-South Korea free trade deal, unless a similar concession is granted on Japanese cars. The Japanese feel aggrieved because they, unlike the Koreans, have invested heavily in auto and parts production in Canada.

“In the world of global supply chains, bilateral agreements are a

second-best option," Mr. Weekes said. The best option remains a deal at the World Trade Organization, he said.