

Canada-European trade deal could take two years to put in place, says trade expert

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Canadian farmers may have to wait at least two years before they begin to see any benefits—or challenges—from a trade deal with the European Union, says former federal international trade negotiator Peter Clark.

The European Union's own protective policies on agricultural imports and the various agriculture interests of the 27-member bloc are only a few of the persistent obstacles to the completion of the Canada-EU Comprehensive Economic and Trade Agreement (CETA), said Mr. Clark, a former international trade negotiator now with Ottawa-based trade consulting firm Grey, Clark, Shih and Associates.

“It could take two years to approve this. They have to ratify it, some [members] will try to come back and get changes, then the European Parliament has to approve it,” Mr. Clark told *The Hill Times*. “If they get it done by mid-summer, it would take another two years.”

Canada has been negotiating a comprehensive trade agreement with the EU since 2009. Despite the federal government's commitment to complete a deal by the end of 2012, there's no sign of an announcement being made before Parliament rises for summer recess.

The deal would give Canada access to the EU's \$17-trillion

economy and the Department of Foreign Affairs and International Trade estimates that it would grow the Canadian economy by \$12-billion annually.

The two sides concluded a “final round” of trade negotiations last October, but obstacles remain, particularly when it comes to market access for agricultural products on both sides of the Atlantic.

Canada is seeking greater access to the EU’s tightly protected pork and beef markets—which some EU member states see as a threat to domestic farmers and meat producers. Irish farmers have strongly opposed giving greater market access to Canadian beef and pork.

Meanwhile, European negotiators are focusing on Canada’s own protective supply management system for dairy products. The system was developed in the mid-1960s to stabilize prices to protect dairy farmers, but today Canadian consumers pay inflated prices for dairy products while imported dairy products are blocked from the Canadian market.

Both International Trade Minister Ed Fast (Abbotsford, B.C.) and Prime Minister Stephen Harper (Calgary Southwest, Alta.) have made assurances that the government will not sign an agreement at the cost of protections for Canada’s dairy producers.

However, a spokesperson for Agriculture Minister Gerry Ritz’s (Battlefords-Lloydminster, Sask.) office would not go as far as saying that supply management for dairy was off the table.

“Throughout these negotiations, Canada has and will continue to promote its interests in every sector of our economy. We will only sign an agreement that is in the best interests of Canadians,” stated Jeff English, Mr. Ritz’s press

secretary, in an email.

There's also little indication from European representatives that CETA talks are near completion. Last week *The Hill Times'* sister newspaper, *Embassy* reported that EU Trade Commissioner Karel De Gucht would only confirm that CETA negotiations were in their "end game" following an April 18 meeting with European trade ministers in Dublin, Ireland. However, he went on to state that he'd "lost the ambition" to be precise about an end date.

Mr. Clark said that part of the reason for the delay in finalizing CETA was that high-level ministers on both sides only became involved on a regular basis last year.

"Ministers really didn't get involved in this until late last year, and now they're playing catch up. There's a lot of work to be done in a short period of time," he said, adding that agriculture was only one sticking point in the final talks. "It's not anybody's fault and it's not any one of these issues. The bigger issues for the Europeans... have to deal with things like procurement, investment, and pharmaceutical protection."

Canada is also negotiating entry into the Trans-Pacific Partnership (TPP) along with seven other countries and four founding members. Other countries involved in the negotiations include NAFTA partners Mexico and the U.S.

But Mr. Clark said he sees more potential for Canada in bilateral trade agreements with emerging economies in Asia. The one bright spot he sees for Canada in the TPP talks is access to Japanese markets. In March, Japan signalled its intention to join the talks and become the 12th party at the negotiating table.

"What we need to do is focus on the other side of the Pacific," said Mr. Clark, who views the TPP more as a "geopolitical

exercise” by the U.S. to pivot its influence towards the Pacific Rim. He urged Canada to continue to seek greater access to East Asian markets like Japan, China, and South Korea — all densely populated countries with a growing demand for agricultural imports.

Kathleen Sullivan, executive director of the Canadian Agri-food Trade Alliance (CAFTA), said that her organization continues to lobby for as much access as possible to European beef and pork markets, but is also seeking greater access to Asian markets.

Her organization lobbies on behalf of 80 per cent of export-oriented Canadian agricultural sectors, which excludes supply managed dairy. Ms. Sullivan said that she was neither surprised nor concerned that CETA negotiations have yet to be concluded.

“It’s hard to target a completion date for a free trade deal, especially when you get to the final issues,” she acknowledged. “They tend to be more politically sensitive... I would expect that [Canada] would be able to come to a conclusion in the next couple of months.”

Aside from CETA and the Trans-Pacific Partnership, Ms. Sullivan agreed that future opportunities for Canada’s agricultural sectors are in Asia where emerging middle-classes in countries like China are acquiring appetites for rice substitutes, beef, and pork.

“There are a lot of opportunities in the Asian market for us. The populations are growing, the economies are developing. Really every product we grow in Canada has some potential there,” she said.