

EU stumbles on Canada's internal barriers

Talks ramp up

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The historic free-trade negotiations between Canada and the European Union were launched to much fanfare this month, but reaching a deal between the 27-country economic bloc and the provincially dominated federation of Canada will not be a walk in the park.

What is clear is the talks will place increasing pressure on Canada to develop greater harmonization between the provinces, with the current layers of provincial regulatory requirements described by European officials as "cumbersome," and not conducive to business.

Diplomats from Denmark, Poland, Slovenia and Latvia said at an editorial board meeting with the *National Post* that the barriers between Canada's provinces were greater than those between the countries of the European Union.

"To be very clear, we are not looking for agreements with provinces, we are looking for an agreement between the European Union and Canada," said Poul E. D. Kristensen, Denmark's Ambassador to Canada, although he welcomed

the participation of the provinces.

MargensKrams, Latvia's Ambassador to Canada, said it was often difficult to develop business in Canada, citing the example of Latvia's vodka exporters, which have met with problems trying to introduce their product into the provincially-controlled liquor markets.

"From the practical point of view, once an entrepreneur wants to sell something here, the business has to go to each province to fulfill the criteria that are in each particular province," Mr. Krams said.

He said the negotiations would provide a good opportunity for Canada to take a closer look at internal trade and establish a freer single market.

While the negotiations toward a Comprehensive Economic Partnership Agreement kicked off on May 6 with the best of intent, the talks face headwinds on the Canadian side in addition to provincial regulations, such as protectionist trade measures and environmental concerns.

"I can't imagine any agreement between Canada and the European Union on let's say, cheese products," PiotrOgrodzinski, Poland's Ambassador to Canada, said of the Canadian industry protected by high tariffs.

Mr. Kristensen added: "We are not saying that only Canada has barriers. We do have fairly high tariffs on certain food products, fishery products, so it's not one way."

If Canada can navigate these barriers successfully, it would become the first developed country to snare a trade deal with the European monolith. The EU appears willing to negotiate.

"It is an important element in intensifying transatlantic relations," Mr. Kristensen said, adding they believed it was important to set up an agreement with Canada before dealing with the U.S. "This is a really important anti-protection signal, that is really much needed in these times."

However, it appears Canada will have to let go of hopes of being excluded from the EU's recent seal product import ban. All four diplomats said there was little chance public opinion in the animal welfare-conscious community would be swayed in favour of overturning the ban.

Tomaz Kunstelj, Slovenia's Ambassador to Canada, said it was important for Canadians to remember the ban was not against Canada, but stood for all countries. He noted the U.S. banned such products in the 1970s.