

EU, Canada put faith in trade

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Amid the ups and downs in news about global economic recession and recovery — in Canada's case notably up — comes the good news of progress by the European Union and Canada in negotiating a "Comprehensive Economic and Trade Agreement."

The pending agreement goes well beyond the Canada-U.S. free trade agreement and NAFTA. At the beginning of last year, both sides launched the negotiations by putting everything on the table, tariffs and non-tariff barriers alike.

In addition to removing all remaining tariffs, the new agreement will take into account a wide diversity of influences on trade. These will include the free movement of skilled workers; the opening up of procurement at all levels of government; the harmonization or elimination of a range of regulations that are especially noxious forms of protectionism, particularly in agriculture; environmental enhancement — everything that can either facilitate or obstruct transatlantic trade and investment.

Transatlantic trade is already substantial, not surprising since the European Union is now the world's largest market. But much more opportunity abides. Investment has grown significantly. Canadian-owned businesses in Europe now sell four times more product than is exported from Canada. A joint study last year underlined the further potential of the market — an increase of more than \$10 billion for Canadian exporters alone.

The terms of Canada-Europe trade have in the past been determined within the context of multilateral negotiations, the trade “rounds” of the GATT and, more recently, of the World Trade Organization. However, with the suspension of the [Doha Round](#), some nations, including the United States, have removed themselves from the search for further liberalization, some even adopting new forms of protectionism.

Not so Canada and Europe. Their negotiation of a comprehensive bilateral agreement — the first by Europe with a developed as distinct from a developing country — is challenging other nations to seek their economic recovery from whence it is most likely to come, from rules-based trade liberalization, from agreements that are WTO-plus.

The pending bilateral agreement is, in this sense, a stepping-stone on the way to the eventual resumption of global negotiations, the goal recognized, if not always implemented, by the G20.

Canada and the European Union have completed three rounds of negotiations. The fourth begins this month in Brussels. The three earlier rounds have cleared away much of the underbrush, including reaching agreements on specific issues. Difficult ones remain, but as we near the halfway point, there is every reason to believe that in the next 12 months or so the negotiations will come to a successful conclusion, opening access across Europe to Canadian companies and opening markets in the 10 provinces and three territories of Canada for the 27 member states of the European Union.

All the provinces and territories are at the negotiating table with the federal government, since they must eliminate many non-tariff barriers. Their original pledge of support has been translated into constructive participation, helping to ensure that the benefits of transatlantic liberalized trade and investment reach all areas of the country, a goal that Canada will ensure is achieved.

Prime Minister Stephen Harper, President Nicolas Sarkozy of France, Chancellor Angela Merkel of Germany and other European leaders support the early conclusion on a comprehensive agreement. For Europe it represents not only improved access to a vibrant market. It is also a model for future negotiations with other developed countries and federations. For Canada, a successful outcome promises a healthy diversification in our trade relations, additional to the uncertain continental market of North America. All good news.