

EU, Canada see trade deal as possible template for U.S. deal

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OTTAWA (Reuters) - There are still obstacles to a Canada-European Union free trade deal, the prime ministers of Canada and France said on Thursday, but both said a deal could smooth the way for a similar EU deal with Washington.

The initial end-2011 timeline to complete the Canada-EU deal has slipped, and a decision from Europe and the United States to begin their own free trade negotiations has put extra pressure on Canada.

"Clearly, I think it's advantageous for us to have such an agreement before the United States does," Prime Minister Stephen Harper told reporters after a meeting with French Prime Minister Jean-Marc Ayrault.

"I also think it's important for the Europeans to have such success in North America before really launching a discussion, which will be in my opinion difficult, with the United States."

Canada's economic growth strategy depends partly on diversifying its trade away from the United States, which takes about three-quarters of all exports. But U.S. demand isn't growing fast enough to spur substantial export growth in Canada.

Both Harper and Ayrault noted that significant progress had been made toward a trade deal and said they hoped a pact would be ready as soon as possible.

Ayrault said disagreements persisted over agricultural exports, intellectual property and cultural diversity.

Canada wants more access to the European market for its beef and pork and the EU has concerns about European poultry.

Ayrault said the final text of a Canada-EU deal would, if concluded in time, likely be a precursor for a similar deal between Europe and the United States.

"It's true that if this agreement is concluded and is exemplary ... it will not be without influence on the contents of the negotiations between the European Union and the United States," he said in French.