

FOREIGN AFFAIRS Canada

EU, Canada seek wider backing for trade deal

By Toby Vogel / European Voice

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Problems remain over fish and farm products, while Canada's trade minister to visit all EU countries.

The chances of concluding a trade agreement between Canada and the European Union next year are improving, according to trade diplomats from both sides.

A fourth round of trade talks will take place in Brussels next week (12-17 July), with both sides sounding upbeat about the chances of reaching a Comprehensive Economic and Trade Agreement (CETA).

Diplomats involved in the talks that were launched in Ottawa last October, warned, however, that tough negotiations lie ahead on such issues as government procurement, labour mobility and fish and farm products. A fifth round of talks is scheduled for October, after which Karel De Gucht, the European commissioner for trade, and Peter Van Loan, Canada's trade minister, are expected to meet to take stock of progress.

European roundtrip

Van Loan is spending much of this month on a visit to Russia and to EU members Estonia, Bulgaria, Romania and Slovenia, part of a plan to travel to all 27 member states before the end of the negotiations in order to highlight the importance of the agreement. He will also have to reach out to Canada's 13 provinces and territories. While a trade deal needs to be ratified only by Canada's federal parliament, opposition from important provinces could make a deal politically difficult for the minority government of Prime Minister Stephen Harper or any other successor government.

In the EU's analysis, the provinces were to blame for the failure of an earlier attempt to conclude a trade agreement with Canada. The EU therefore asked Canada's federal government, which has competence over international agreements, to include representatives of the provinces and territories in its delegation. Officials from sub-national governments now take part as observers in negotiations that touch on those issues over which they hold some competence - services, investment and government procurement.

Nafta plus

Both sides want the future agreement to go beyond the provisions of Nafta, the free-trade area that links Canada with the United States and Mexico. A diplomat described the goal as a 'Nafta plus' to link Canada and the EU's market of some 500 million people, including opening up of the two sides' labour markets, the mutual recognition of professional qualifications and reciprocal access to government procurement.

At present, around 75% of Canada's exports go to the US, with the EU coming second with 10%. Foreign direct investment and the trade in services dominate the bilateral trade relationship.

In 2008, the EU exported €26.1 billion in goods and €11.3bn in services to Canada, with €23.8bn in goods and €9bn in services going in the other direction. The trade in goods is dominated by high-value merchandise, such as machinery, transport equipment and chemicals.