

Europe Now: Five reasons for CETA

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Canada needs access to the world's largest market

After months of speculation, President Barack Obama's State of the Union address made it official: the United States and the European Union (EU) will launch negotiations later this year on a comprehensive and far-reaching free trade deal. If imitation is the sincerest form of flattery, Canadians should be thrilled: Our own government has been in talks with the EU since 2009, and the two sides are now reportedly close to a final agreement.

Odd, then, that even at this late stage some are publicly questioning whether the proposed Comprehensive Economic Partnership Agreement (CETA) is worth the trouble. Europe's economy is a mess, they say, and the potential benefits to Canada from such an agreement in terms of market access and increased investment are negligible.

I beg to differ. Here are five reasons why the Canada-EU deal matters:

Preferential access to the world's largest market

Granted, the EU is struggling with low growth and high public debt. But collectively, its 27 member states still represent the world's largest single market, accounting for

one-fifth of global economic activity. Concluding a comprehensive trade agreement with the EU will give Canadian firms of all sizes preferential access to a market of 503 million consumers, 14 times the size of our own population. The Canadian Agri-Food Trade Alliance, for example, estimates that CETA could double Canadian exports of beef, pork and other farm products to the EU. For its part, the Canadian Federation of Independent Business says the agreement will reduce paperwork and other costs that can be a major deterrent for small exporters. Across Canada, in industries from plastics to health sciences to professional services, the removal of tariffs and other barriers that currently impede Canadian exports will create jobs, improve productivity and promote growth.

We'll be there first The CETA will be Europe's first comprehensive economic partnership agreement with a Western developed country, giving Canadian companies a significant "first mover" advantage over their rivals in the U.S. and elsewhere. For many small, medium and large Canadian employers, that will mean new opportunities and increased sales. The alternative is to wait while Washington hammers out its own deal with the EU, relegating Canada to the sidelines.

It will enhance competition and reduce prices Canadian consumers and companies will benefit from improved access to European products, components and services. As the Senate Finance Committee found in its recent report on the Canada-US price differences, Canadians are paying higher prices for many retail goods than our southern neighbours. Eliminating tariffs on European imports will help to lower prices in Canada. Canadian consumers will benefit from less expensive consumer products while businesses will benefit from access to cheaper EU inputs.

We need to diversify our trade The global downturn brought home to many Canadians the need to diversify our trade and lessen our dependence on the U.S., which currently buys 75% of what we export. Canada-U.S. trade is a mainstay of our economy, and we should do everything in our power to strengthen it. But we need to be working equally hard to expand trade with other regions, the EU included. It's a sobering thought that Canada has not concluded a single free trade deal with a large economy since the North American Free Trade Agreement in 1994. With the CETA, Canada can reclaim its former role as a leader in the global move toward trade liberalization.

It will set the stage for talks with Asia Canada does not need to choose between an agreement with the EU and a separate push into emerging markets. We can, and must, pursue both. Indeed, the successful conclusion of the CETA is vital to Canada's trade agenda in the Asia-Pacific region. A Canada-EU deal that addresses issues such as agricultural protection and promotes intellectual property as a driver of innovation will improve our country's brand and signal to the world that we are capable of negotiating a modern, far-reaching trade agreement.

To reap the full benefits of increased transatlantic trade and expand opportunities for Canadian companies and workers, I urge the federal government to conclude a comprehensive and ambitious agreement with the EU as soon as possible.

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