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NEWS STORY

European Trade Deal Delayed by Election

Implementing legislation for Canada's agreement with the EFTA has fallen by the wayside, as has a planned promotional trip.

By Michelle Collins

It may have taken more than 10 years to finally get bill C-55 to the government's floor, but it took mere moments for it to fall off the agenda of the day, or for that matter, any day's agenda in the next few months.

When Prime Minister Stephen Harper asked Governor General Michaëlle Jean to dissolve Parliament on Sept. 7, he allowed for no less than 35 bills to "die" on the order paper and be left for the next Parliament to either resume, or discard. Included among them was implementing legislation for the trade deal between Canada and the four-country European Free Trade Association.

The deal was nearing the final hurdle with the legislation making its way through Canada's Parliament before, if all went according to plan, final approval to make the agreement come into effect on Jan. 1, 2009.

Now, while the EFTA countries—Norway, Liechtenstein, Switzerland and Iceland—have already finalized matters and were ready for the agreement to take effect in the new year, it's unlikely Canada's Parliament will reconvene before January, and so the deal will be put off yet again. At the same time, a planned campaign to promote the agreement's benefits has been called off.

Negotiations for a free trade agreement between the two sides were launched in 1998 but stalled for several years before being successfully concluded in June 2007. The deal was signed in January, and tabled for 21 days of review in the House before implementing legislation was introduced just before the summer break.

Once finished, the deal would be the first free trade agreement to come into force in Canada since the Canada-Costa Rica trade agreement in 2002. It also would have represented a major success for a Conservative government that has taken a decidedly more aggressive approach to securing free trade agreements.

Perhaps even more important was that CEFTA would have paved the way for Canada to set foot on the massive European market, and would have been held up as a sign Canada can finish trade talks with other countries when leaders

meet at the highly-anticipated Canada-EU Summit in Quebec City on Oct. 17, where closer economic ties are a major priority.

As minister of international trade, David Emerson said the CEFTA would provide "a strategic platform for Canadians to expand commercial ties throughout Europe."

Disappointment All Around

While very disappointed constitutional circumstances conspired against the deal's final approval by the end of the year, Norwegian Ambassador Tor Berntin Naess said he foresees no problems in resurrecting the agreement in the next Parliament.

"It was a real pity, and we regret very much that we got a new election now after so many years but we underline and we take it for granted that there will be no problem," Mr. Naess said. "It's up to the legal experts and Parliament to decide the legal framework."

Mr. Naess also said that he doesn't expect the development will impact activities between Norwegian and Canadian industries, particularly because Norway has yet to carve out much of a business presence in Canada.

"We don't have so many Norwegian industries, firms being involved in Canada," Mr. Naess said. "So for the Norwegian industry, it is more to present the opportunities, the potentials flowing from this agreement."

Per Vatne, first secretary at the Norwegian Embassy, said Canada's exports of metals to Norway nearly doubled last year. Canada is Norway's third biggest trade partner, and it is expected CEFTA would trigger even more activity.

"I know that all parties in Norway would like to see the agreement in as soon as possible, then you can examine the market, you can see what kind of possibilities you have...you have a more predictable trade regime and that's what's important to you," Mr. Vatne said.

Two-way trade between Canada and EFTA in non-agricultural merchandise stands at around \$12.6 billion. Canadian exports of nickel, copper and pharmaceuticals to the region in 2007 totalled \$5.1 billion while imports were \$7.4 billion in products such as mineral fuel, pharmaceuticals, organic chemicals and machineries.

Swiss Ambassador Werner Baumann also said the interruption just as the agreement was about to be finalized is "a pity" but that he accepts it is parliamentary procedure.

Mr. Baumann said he is optimistic the CEFTA will be taken up by the House whenever Parliament re-convenes. He said the expected delay in implementation will likely be several months, but he is not concerned.

"It's a pity but not a disaster," Mr. Baumann said. "The interest on the Canadian side and on the EFTA side is very big and we are both, first of all, proud that we could agree on this. It is the first agreement in a long time and it is a step for Canada into Europe and for us, the EFTA, it's a step into the North American market."

Also delayed is a "promotional tour" to be led by the Department of Foreign Affairs and International Trade that was to start in Toronto on Oct. 27 and end in Vancouver on Nov. 5. At each stop, the ambassadors of the EFTA countries would have had the chance to speak to audiences about what their countries' have to offer, and how to optimize the CEFTA.

The promotional tour, the ambassadors have been told, is not cancelled but delayed until an implementation date is back on the horizon.

Iceland's ambassador, Sigridur Anna Thordardottir, who has arrived in Ottawa just recently, said she has no concerns and expects the agreement to be ratified "at the first opportunity" after Parliament resumes, and for the promotional tour to launch in February.

Ms. Thordardottir said there are many business opportunities yet to be realized between Canada and Iceland in the energy sectors and noted her country has profound expertise in the area.

"I know the Icelandic energy companies are already having discussions and have already been in Canada, so I expect that will be a very important field, and, of course, we have several companies in the fishing industry here, and I expect that can also be improved," Ms. Thordardottir said.

The trade deal was reviewed prior to the introduction of implementing legislation by Parliament in the spring. Only the NDP disapproved of the agreement that successive Liberal and Conservative governments negotiated and finalized with the EFTA countries, citing concern over the effects on Canada's agricultural and shipbuilding sectors.

Liberal Trade critic Navdeep Bains told *Embassy* that he doesn't expect there to be any problems in getting the agreement through the House.

Cyndee Todgham Cherniak, a lawyer with Lang Michener LLP International Trade Group, said she thinks it would be premature to be nervous about the agreement being de-railed.

"If there's a majority government that comes out of this election, then the implementation act will be tabled quickly," Ms. Todgham Cherniak said. "This isn't a very controversial free trade agreement. If you were talking about Colombia, there might be more discussion, but this is not the case with the EFTA countries."

Ms. Todgham Cherniak said the bill could be delayed by a few months, but that she expects it to be finalized fairly soon after Parliament resumes because it is generally considered a good free trade agreement with strong, developed countries.

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