

# European Union and Canada on track for sweeping trade deal

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**Bruce Campion-Smith**

Ottawa Bureau chief, Toronto Star

OTTAWA—Could negotiations to reach an ambitious trade deal between Canada and the European Union get hung up on Parma ham and Feta cheese?

That's one of the "sensitive" issues that remain unresolved as negotiators on both sides prepare for another round of talks next month with the goal of inking a sweeping trade pact by the end of 2011.

Trade Minister Peter Van Loan and European Union Trade Commissioner Karel De Gucht emerged from a "stock-taking" meeting Wednesday saying that "substantial" progress has been made so far and voicing confidence that an agreement is within reach.

"As we now enter the final crucial stages, it's vital for both sides to double up their efforts to reach our common goal, which is to say a good deal that serves the interests of both Canada and of Europe," De Gucht said.

Yet they also conceded that the most contentious issues lie ahead, including the question of "geographical indicators" — the branding of regional food products.

At stake is the EU's desire to lay claim to product names like

“Feta” cheese and “Parma” ham, arguing that such products are unique to their region. That could force Canadian producers to rebrand their products.

“It’s about intellectual property rights,” De Gucht said.

The issue, known as “geographical indications,” is one of the European Union’s principal requests in these talks, Van Loan said.

“A particular food product from a particular region — can they lay a claim to it?” Van Loan said, adding that the EU has a list of about 100 “geographical indications” they want protected.

Van Loan said that Canada’s starting position is that “we don’t grant those.”

“It’s obviously very important to the European Union so that’s an issue that remains to be negotiated,” he added.

However, food producers are urging Ottawa to stand firm and warn that any compromise could force Canadian companies to make costly changes to their product line-up.

Cheese producers could “by far” be the sector hardest hit by any change, said Yves Leduc, director of international trade for the Dairy Farmers of Canada.

“If you have to rename your cheese, repackage it, reposition your product on the market, if you’re a small cheese maker,

you may never recover,” Leduc said in an interview. “We are extremely concerned.”

Another potential flashpoint is the European Union’s push to use this deal to get a bigger share of lucrative procurement contracts from provincial and municipal governments. That has sparked concerns about foreign control over infrastructure assets such as municipal water systems.

“This is where the main potential for a deepened economic relationship lies,” De Gucht said.

“Trade is a two-way street . . . if the EU is seeking access to certain Canadian public procurement markets, it’s because the EU is offering the same deal to the Canadians,” De Gucht said.

Van Loan declined to specify what other tricky topics lie ahead, saying only that he has told negotiators “to explore constructive solutions to resolve these challenges.”

Still, the trade minister remains optimistic that none of the outstanding issues will be stumbling blocks.

“There are no intractable barriers that stand in the way of an agreement,” he said in an interview.

The EU deal is Canada’s most ambitious negotiation since the free trade agreement with the United States, Van Loan said.

Removing trade barriers with Europe would increase trade by 20 per cent and provide a \$12 billion annual boost to the Canadian economy each year, he added.

“That’s what’s at stake. A lot of opportunities on the services side, labour mobility and investment, access for goods,” Van Loan said.