

Free trade with Europe would be good for Canada

BY CAM DAHL, TROY MEDIA FEBRUARY 15, 2011

Canada and the European Union are quietly negotiating a free-trade agreement worth more than \$3 billion to the Canadian economy. Ordinary Canadians, the people who will benefit most from the agreement, need to voice their support for it to their elected officials.

The negotiations are an ambitious undertaking. There is a great deal on the negotiating table, from agriculture through to federal and provincial government procurement contracts. In a number of ways, this agreement will be more ambitious than the North American Free Trade Agreement. The agreement would eliminate duties on trade between Canada and the EU, which includes the sometimes sensitive area of agriculture-export subsidies.

But the proposed agreement goes much further than just tariffs. For example, the proposals result in more transparent federal and provincial procurement contracts, something that will be good for business and taxpayers alike.

If Canada and the EU are able to reach an agreement, provisions for dealing with the technical barriers that so often block trade will be included. Canada's beef farmers would be able to use these provisions to block European efforts to keep Canadian beef out because of pseudo-scientific concerns over growth supplements. That issue alone has cost Canada millions of dollars and many jobs.

Canada is a trading country. Collectively, we almost always produce

more than we consume. As a country, we will be better off if we see increased trade between Canada and the 500 million people in the EU.

Increased trade with the EU will generate more jobs and will mean more money in the pockets of working families. It will also lessen our dependence on the U.S. market.

But there are storm clouds on the horizon -special interest storm clouds. Will provincial governments really give up their ability to reward the powerful lobbies in their back yards? For example, last year Quebec all but ignored cost to award a lucrative contract for Montreal metro cars to Bombardier. While our governments should be forced to clean up this kind of favouritism without the pressure of international agreements, recent reports indicate that some provinces, Quebec and Ontario in particular, are reluctant to move forward on this issue.

Politicians make questionable policy because they are pressured by special interest groups. Governments need to hear from more than just the special interests, they need to hear from ordinary voters and taxpayers, too.

Some of the most effective special interests groups come from Canada's supply management sectors. Our dairy and poultry policies might have been well intentioned at the time they were implemented, but the law of unintended consequences has taken over. It now costs more than \$30,000 just to get the piece of government paper that allows a farmer to milk a cow. Our tariffs on dairy products now reach about 300 per cent. All Canadians are paying higher prices for dairy

and poultry products to support these programs. Do these policies really make sense anymore?

It definitely does not make sense to allow the lobbying efforts from these industries to derail trade negotiations. But that is exactly the risk we face if the only voices politicians will hear are those of the 17,000 dairy farmers in Canada.

There is no question free and fair international trade is good for Canada. Yet, we might not see these benefits because of our fear of internal reforms. Our political leaders are doing the right thing in engaging the EU in free trade talks. Ordinary Canadians need to let them know that.

Cam Dahl is a research associate with the Frontier Centre (www.fcpp.org). He is a former Canadian Grain commissioner, and has 20 years of experience in agribusiness, lobbying and in work within the Parliament of Canada.