

Government makes trade concessions for EU in 11th-hour talks

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The Harper government has agreed to make it easier for European Union companies to acquire Canadian businesses – a concession during 11th-hour talks on a trade deal that both sides would like to wrap up within days.

Sources close to the talks say that Canada has consented to raising the minimum threshold for scrutinizing foreign takeovers by EU companies to \$1.5-billion. Deals below that level would not require government consent to proceed.

This would appear to give the European Union an edge on other parts of the world if the 27-member union and Canada reach a trade deal.

The Commons has just passed a budget bill that would raise the minimum reviewable threshold of foreign takeovers to \$1-billion. Under this new legislation, the threshold would take four years to rise to that level from \$334-million, where it is today.

The concession that would give the EU a higher threshold emerged from talks last week.

Canada has also agreed to grant EU firms greater access to bidding on procurement for provincial utilities as well as improved access to sheltered sectors such as telecommunications, according to sources close to the talks. Sources say, however, that rules-of-origin concerns about autos exported to the EU – Canadian versus U.S. content in these vehicles – remain unresolved.

The Conservatives would like to clinch a deal while Mr. Harper is in Europe, where he's visiting several countries and attending the Group of Eight meeting in Northern Ireland June 17-18.

A spokesman for International Trade Minister Ed Fast insisted the talks have yet to reach a deal. "An agreement will only be finalized, and an

announcement made, when Canada's key interests have been met," said Adam Taylor, director of communications for Mr. Fast.

Mr. Harper is in Europe for eight days, with a schedule that would allow him to make a detour to the EU capital in Belgium to celebrate a trade agreement.

Canada and European negotiators are into their third straight week of talks in Brussels, and Mr. Fast is conferring with his EU counterpart Karel De Gucht with greater frequency than in previous weeks.

Canadian negotiators are finding it increasingly frustrating to get agreement from European officials.

"The EU agricultural directorate has to sign off on the agricultural package. The EU directorate for markets has to sign off on some of the investment measures," one source close to the talks said.