

Harper sees trade deals as key to his political success

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Others may judge the Harper government by what it achieves, or fails to achieve, on the environmental front, with first nations or in making government more accountable. But Stephen Harper judges himself on how well his government manages the economy. In that context, nothing is more important to the Conservatives than trade.

By this time next year, either the Prime Minister will have one major agreement in his pocket and several more in the works, or this administration, by its own accounting, will have failed one of its most crucial tests.

The good news for the Tories is that they may soon clear the first and biggest hurdle. Government sources predict that a signed Canada-European Union Trade Agreement will be in place by February or March.

Some of the terms of that agreement will be contentious. EU businesses will have greater access to Canadian government-procurement contracts, for example. And dairy quotas for European imports will probably be raised, in exchange for increased quotas for Canadian pork exports.

But the deal is likely to be worth the concessions. Despite its problems – and they are legion – the EU remains the world's largest common market, with 500- million people and a collective GDP of \$16-trillion.

Improving access to that market is vital to this country's long-term prosperity, which is why provincial governments are reportedly onside.

(Negotiators also insist that the deal will clear all 27 European parliaments without difficulty. We'll see.)

The EU agreement is vital to the Harper government's second-most important goal: getting the member nations of the Trans Pacific Partnership to accept Canada's application to join.

The TPP is emerging as a potentially powerful new trade bloc, as the Obama administration seeks to fashion a Pacific economic consortium that could rival China in size and influence.

Canada wants to be part of the partnership but has been shut out because the Conservative government continues to protect dairy and poultry farmers from foreign competition.

The word is that the Conservatives will use the agriculture provisions of the EU treaty to show the Pacific nations that Canada is willing to be flexible on agricultural subsidies. Maybe it will work; maybe it won't.

If it doesn't, then Mr. Harper will have to make an enormously difficult choice: give up on joining the Trans Pacific Partnership, which would be a severe blow to this country's Pacific aspirations, or scrap supply management, which will enrage the all-powerful dairy lobby.

At the same time, the Harper government is exploring with the Chinese whether there is enough common ground to launch talks on a free-trade agreement, or whether to pursue sectoral negotiations instead.

The Conservatives have already negotiated a Foreign Investment Protection Agreement, or FIPA, as part of their trade negotiations with India. Both countries are waiting until Mr. Harper visits there next year to formally announce it.

As well, International Trade Minister Ed Fast will decide in 2012

whether to restart the stalled trade negotiations with South Korea, or abandon them entirely. Pork producers are anxious to see a deal, since the U.S. and Korea now have one, but concerns over Korean protectionism in the auto sector are holding that agreement back.

Hopes for progress in trade talks with Mercosur, the South American trade bloc, are fading. Argentina, in particular, is more interested in throwing up new barriers to trade than in tearing down existing ones.

But if the Harper government can sign agreements with the EU, China and India, and worm its way into the Pacific Partnership talks, it will be able to claim a robust record in expanding and diversifying trade.

If it can't, then the Conservatives' talk of protecting jobs and expanding overseas business opportunities will have proven to be just that: talk.

By the end of next year, we should know which it is.