

Hollande election will not derail EU trade deal, Ottawa says

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The Harper government insists the election of a new socialist president in France will not derail Canada's negotiations for a free-trade agreement with Europe.

François Hollande, who defeated current President Nicolas Sarkozy in a weekend runoff election, has signalled he intends to take a more Eurocentric direction on trade. That's led some to wonder whether it could jeopardize Canada's already advanced trade negotiations with the European Union.

But Foreign Affairs Minister John Baird argued the change will not upset talks: "Not at all," he said in an interview with CBC television. "We've had good discussions with the full range of participants in the Canada-EU trade discussions. We've had good discussions from across Europe on that. And we hope to enjoy that same discussion with the new government of France."

Mr. Hollande has signalled he intends to place emphasis on trade and ties within Europe, rather than abroad, in an election where growth in Europe was a central theme.

"Hollande appears to be much more inward-looking than Sarkozy," said Lawrence Herman, a trade lawyer with Cassels Brock in Toronto. "That does not bode well."

Experts like Mr. Herman warn that Mr. Hollande's victory, changing the leadership of one of the EU's big powers, could complicate negotiations on the small number of still unresolved issues, including opening up local-government purchasing markets, patent protection and agriculture.

The trade deal is about 75-per-cent done, according to Mr. Herman. But he said the remaining issues could prove thorny if France's

commitment to free trade wavers. "These kinds of senior leadership changes always affect the dynamics of trade negotiations," he said.

But the question of whether that will hold true in the EU remains complex. In theory, France's president doesn't have responsibility for trade – that's a matter for the 27-nation European Union bloc. And the talks have not only been mandated by those countries, they are down to the last stretch of talks.

One diplomat from a European country said the whiffs of protectionism in France's election – which came as much from the right as the left – were aimed at emerging countries like China, and Mr. Hollande has no reason to find a flaw in a trade deal with Canada.

"He's not going to change Europe's trade policy with Canada. It doesn't make sense," the diplomat said, noting that France's water-treatment and public-transportation companies will gain from a deal that opens municipal and provincial purchasing in Canada to European firms. "There's no argument for Hollande to stop these negotiations, or even to be highly critical."

The deal's last stretch has not moved quickly, despite the Harper government's recent efforts to tout the potential benefits.

The two sides have yet to exchange offers on some of the most contentious issues, such as agriculture, where the EU wants Canada to open its market to more European cheese in exchange for easier access for Canadian farmers to sell beef and pork. Europe also wants extended patent protection for drug makers – a concession that could make drugs more expensive and push up provincial health-care costs.

And Canadian officials are already worried that Europe isn't ready to go far enough to open their own government purchasing market to Canadian companies.

But if Ottawa is worried about that the negotiating dynamics might change, it isn't saying so. Trade Minister Ed Fast issued a statement, insisting the two sides remain committed to an "ambitious" trade deal.

"Both Canada and the EU are committed to an ambitious outcome to the negotiations and are down to focused sessions where solutions to

the remaining issues are being actively explored," Mr. Fast said.

Mr. Fast is slated to meet British Trade and Investment Minister Stephen Green in Montreal on Tuesday. Among other things, the two are expected to reiterate their commitment to the trade deal.