

Merkel pledges support for Canada-EU free-trade pact

Published Thursday, Aug. 16, 2012 9:41AM EDT

Last Updated Thursday, Aug. 16, 2012 12:01PM EDT

German Chancellor Angela Merkel offered her strong support Thursday for Canada's bid to establish a free trade agreement with the European Union.

Merkel and Prime Minister Stephen Harper spoke in Ottawa at the conclusion of the German leader's two-day visit to the capital region. "There are a number of outstanding issues but once I go back to Germany I will see to it that these negotiations come to a speedy conclusion," Merkel said, adding that increased international trade would be a boon to Europe's struggling economy.

Merkel would need to enlist the co-operation of other EU leaders in order to push the deal through, but as the leader of Europe's most robust economy she is in a strong position to do so.

Harper has set an ambitious deadline for establishment of an agreement by the end of 2012 -- a timeline Merkel suggested was achievable.

Perhaps surprisingly to some observers, Merkel said Canada's decision not to commit to an International Monetary Fund bailout package for Europe is a separate issue and didn't factor into her decision to back the free trade plan.

Canada and the U.S. are the only two members of the Group of 20 industrialized nations that have declined to pay into the fund.

"Canada has been emphatic in saying there is no way we're giving Canadian resources to this deal. It's up to the Europeans to sort it out themselves," said CTV News Channel's Mercedes Stephenson, reporting from Parliament Hill.

Merkel said it would be "very wrong" of her to make her support for the trade agreement dependent on Canada's buy-in to the rescue

fund.

She said although Canada has not chipped in financially, it has contributed expertise and leadership to Europe's economic recovery.

"The IMF does not only have to deal with questions of money but it is also an advisory capacity and Canada is on the board and helping in that way," she said.

Harper also emphasized that the two issues are separate and said the most important goal is to increase trade.

"Those issues are unrelated. We have every confidence in our European partners, we believe they have the capacity and the will to take up their own challenges. The two issues are not connected, we both need to increase our trade, increase our growth -- an increase in growth is as essential to Europe as it is to Canada," Harper said, speaking in French.

Both leaders spoke warmly of each other, and described themselves and their countries as "friends."

The two leaders met for 90 minutes on Thursday, capping Merkel's two-day trip to Ottawa. She is scheduled to travel to Dalhousie University in Halifax later Thursday where she will meet with scientists.

On Wednesday, Merkel met informally with Harper at his Harrington Lake getaway in Quebec, and was treated to a barbecue featuring elk meat.

In addition to the government business, Merkel has also brought a contingent of five German business leaders who have been meeting with their Canadian counterparts in an effort to bolster bilateral trade relations.

The German trade representatives include the chief executives of Germany's ThyssenKrupp Marine Systems, which is under contract with National Defence for help in the construction of the Canadian navy's new supply ships.

In addition to ThyssenKrupp, the German group includes the head of chemical giant BASF, as well as K+S Group, which broke ground in June on the \$3.25-billion Legacy mine, Saskatchewan's first new potash mine in four decades.

The Canadian group includes the CEO of CGI Group, a major consultancy firm, and Canada's CAE Inc., which manufactures defence simulators

The CEOs of Research in Motion and the information management company, OpenText Corp. are also in the Canadian contingent.