

New round of free-trade talks to kick off in Ottawa

BY JASON FEKETE, POSTMEDIA NEWS

OCTOBER 15, 2011

OTTAWA — The ninth and potentially final round of negotiations begins Monday in Ottawa on a controversial Canada-European Union free-trade deal that could profoundly impact Canadian jobs and consumers.

Opponents of the deal are planning a week of events and protests in Ottawa — including stationing a giant wooden Trojan horse on Parliament Hill — to highlight what they say are hidden implications of the agreement and the need for the government to proceed more cautiously.

The multibillion-dollar Comprehensive Economic and Trade Agreement (CETA) will give Canadian companies preferential access to a European Union market of 500 million consumers in 27 member states.

The two sides are hoping to complete talks on most major issues by early 2012, before political leaders sign off on what would be Canada's most significant trade pact since NAFTA took effect in 1994.

While the Conservative government and business groups insist the deal will be a boon to the Canadian economy, critics fear it will strip Canada of some of its economic sovereignty, destroy jobs and hurt domestic companies.

Seasoned trade officials believe Canada will pay a hefty price for

CETA, but say the country has little choice but to sign it because of the need to expand markets beyond the United States and get preferential access to the EU before the Americans.

“I don’t see any way that Canada will get a bargain on a deal with Europe. We’ll pay for it — we’ll pay for it dearly,” argued Peter Clark, a former Canadian trade negotiator who’s now president of an Ottawa-based trade consultancy.

“We want it more than they do,” he added. “But in the long run it’s probably worthwhile because it will cost us more not to have it.”

Federal officials say the agreement will lower the prices of goods and services for consumers — while also creating new and better jobs for Canadians — by either immediately eliminating all trade tariffs or phasing them out over time.

A Canada-EU free-trade deal would boost the Canadian economy by \$12 billion annually and create up to 80,000 new jobs by growing export markets, according to the Harper government. All told, Ottawa estimates the pact will increase two-way trade 20 per cent, or \$38 billion a year.

The European Union represents Canada’s second-largest trading partner, next to the United States. Canadian exports to the EU totalled \$49.2 billion in 2010, with imports of \$55.3 billion.

“That is a huge opportunity for Canada to take advantage of,” International Trade Minister Ed Fast told reporters last week. “Canada will not sign an agreement unless it is in the best long-term interests of Canada.”

At a recent parliamentary committee meeting, Fast said Canada's manufacturing, fish and seafood, agriculture, forestry and technology sectors will all benefit from a pact that would allow companies to penetrate the largest goods-importing market in the world.

But he cautioned that while Canadian products, services and commercial expertise are for sale, "our government's powers and ability to regulate are not."

Steve Verheul, the federal government's chief trade negotiator with the EU, said at the meeting that the greatest job gains will likely come in Canada's manufacturing sector but believes a large number of industries stand to gain from CETA.

Both sides are close to finalizing details on mutual recognition of qualifications, which would let various professionals such as architects and engineers work in each other's market, he noted.

Jason Langrish, executive director of the Canada Europe Roundtable for Business, said the biggest benefit for Canada is trade diversification and no longer having to rely on the U.S. market that's experiencing a painful economic recovery.

"We can't rely on our continental market exclusively anymore," Langrish said. "It's a big market (in Europe), it's a wealthy market . . . so there's a lot of upside."

The agreement will also promote additional competitiveness and productivity in the Canadian economy, as well as improve interprovincial co-operation, he said.

He acknowledged the deal could eliminate some Canadian jobs, but

believes it will generate far more higher-quality and better-paying positions in the long run. For consumers, the additional competition in the marketplace will mean lower prices for goods and services, he said.

Clark, the former federal trade official, said it's going to be much more difficult for small and medium-sized Canadian companies to access the European market than it will be for large multinational corporations that already have extensive links overseas.

Canadian agricultural producers are also at a competitive disadvantage on some fronts compared to their European counterparts who are highly subsidized by eurozone countries — incentives that won't disappear under the trade deal, he said.

Procurement of goods and services and the impacts on communities are also proving to be contentious components of the deal.

The Federation of Canadian Municipalities is optimistic the trade agreement will create additional jobs by providing companies with a larger export market, and could produce cheaper construction costs on major municipal projects.

However, the organization has submitted a list of seven principles it wants the federal government to follow, including a threshold level that would exempt some smaller municipal capital projects from the agreement.

The federal NDP has said it strongly supports diversifying Canada's export markets and decreasing the country's reliance on the U.S.

However, NDP trade critic Robert Chisholm noted he's concerned about a number of areas that would be affected by CETA, including

supply management of domestic companies, intellectual property and health-care costs for Canadians.

A study commissioned by the Canadian Generic Pharmaceutical Association found that CETA provisions could delay, by years, provincial access to some generic drugs and cost provinces up to \$2.8 billion more annually, as patented drugs could be provided exclusivity periods.

“We need to make sure that we’re getting a good deal, that we’re doing it with our eyes open and that we’re not letting the Europeans take us out to the back of the woodshed,” Chisholm said.

A number of citizen groups are also voicing concerns with the Canada-EU trade talks. Spearheaded by the Council of Canadians and an umbrella organization called the Trade Justice Network, the groups plan to hold a “CETA week of action” to protest the closed-door negotiations being held in Ottawa.

Organizers will deliver a 14-foot-tall wooden Trojan horse to Parliament Hill on Monday to symbolize what they believe are hidden implications with the trade agreement, and will hold a handful of public forums with MPs and union officials during the week.

The groups say they’re not anti-trade but are concerned Canada is handing over too much economic control to the Europeans.

“There’s a lot of skepticism about this trade deal and flat-out opposition,” said Stuart Trew, a trade campaigner with the Council of Canadians.

“This is really a deal designed to encourage a type of economy in

Canada that is much more privatized and in some cases maybe more deregulated.”