

PM urged to send ministers to Europe to save trade talks

Canadian Council of Chief Executives head says ministers Flaherty, Baird and Fast should be sent to Europe

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Prime Minister Stephen Harper needs to quickly dispatch his top ministers to Europe to salvage the stalled free-trade talks before it's too late, says the head of Canada's most influential business group.

Canadian Council of Chief Executives head John Manley, a top-shelf minister in the Jean Chrétien government, says he is growing increasingly concerned that the four-year talks with the world's biggest economic grouping might fail — and he no longer accepts assurances that a deal is just around the corner.

The talks need a "push," he said in an interview Monday, adding that sending a high-level ministerial delegation consisting of Finance Minister Jim Flaherty, Foreign Affairs Minister John Baird and Trade Minister Ed Fast might provide the kick-start needed at a critical time.

"The size of the gains in this are significant and the risk of not having a deal is great," he said.

"Sending a high-level political mission to Europe would be an important step in trying to secure their attention and get this done."

Manley pointed out that the tactic worked for then-prime minister Brian Mulroney in the 1980s. Top ministers such as Michael Wilson, Pat Carney and John Crosbie went to Washington to lobby Congressional leaders at a time those negotiations seemed blocked.

He said he believes negotiators have gone as far as they have authority to go toward bridging the remaining gaps and that the success or failure of the deal now rests at the political level.

'Full court press'

Trade lawyer Lawrence Herman of Cassels Brock, who has followed the talks closely, agrees with Manley that a political "full court press" is necessary, saying the two sides are very close but the final unsettled issues could bring the entire process to a halt.

Europe's political leadership mostly shuts down in August, so such a mission might not be possible until September.

Manley says Canada risks repeating the South Korean experience, whereby Canada was first off the mark in getting free-trade talks started, only to watch the U.S. take the baton and actually get the deal done in quick order.

"Some of our food processors are losing market share in Korea because that deal is done (with the U.S.) and Korea is simply not interested in giving the same deal to Canada," he said.

Manley concedes the negotiations with the European Union are complex. The EU acts as one on some issues, and as 28 independent nations on others, he said.

In addition, Ottawa must consult and receive approval from provinces on elements of the deal that touch on their jurisdiction, such as access to the hydro-electricity sector and government procurement.

After several missed opportunities, there were hopes Harper could cement an "agreement in principle" during a meeting with his counterparts at the Group of Eight summit in Ireland last month, but that deadline also came and went.

Outgoing EU ambassador Matthias Brinkmann recently put the blame on Ottawa for the impasse, saying an acceptable deal was on the table for February. Most observers viewed the comments as an attempt to apply pressure on Canada's government to yield.

In an interview earlier this month, Fast shot back that what Brinkmann proposed was "not in Canada's interest and we will not sign that kind of agreement."

Issues remain

Several nettlesome issues remain, including counter-balancing Europe's need to win greater access for cheese producers, with Canada's demand that Europeans open the gate to Canadian beef and pork exports. As well, Canada is being asked to accept stricter European standards on patent protection for pharmaceutical drugs, which provinces have resisted because it could push up drug prices by as much \$2 billion annually.

Manley says overall benefits to Canada of access to a market with over 500 million people and a \$17-trillion economy cannot be held hostage to any particular sector, including the beef industry that's largely located in Harper's political western base.

Although both sides would appear to be invested in an agreement, the heat is greater for the Harper Conservatives, who have made trade the centrepiece of their economic agenda going forward.

"The government's trade policy is dependent on this," Manley. "If we don't do Europe, there's not a lot to show for our trade policy. TPP (TransPacific Partnership) is going to be much more difficult and complex than Europe, Japan is always difficult to deal with on trade issues, India is on a very long-term trajectory, so that leaves a lot of holes in the government's trade policy."

Herman noted that the government must also be able to point to clear victories in order to sell a pact, particularly as the critics — such as the Council of Canadians and other civil society groups — have been successful in underscoring the concessions Ottawa and the provinces must make.

In contrast, there's been little discussion of the benefits, a vacuum he partly blames on the Harper government's penchant for secrecy. Herman added the business community should also become more active in selling