

Rifts over EU trade deal may leave Canada in cold

Europe in negotiations with U.S., too

BY JASON FEKETE, POSTMEDIA NEWS SEPTEMBER 7, 2013

Prime Minister Stephen Harper says "very significant gaps" remain in Canada-EU free-trade negotiations, signalling the already overdue trade pact won't be completed anytime soon.

While the trade talks appear stalled, the broader G20 announced a series of economic measures meant to spur the sluggish global economy, including promising to avoid new protectionist trade policies and automatically sharing tax information to combat international tax evasion. Harper met Friday on the sidelines of the G20 summit with European Commission President José Manuel Barroso.

The negotiations have dragged on for more than four years, with Harper originally promising a deal would be reached by the end of 2012.

The prime minister said Friday the two sides have made considerable gains over the past few years and are "very close" on a number of issues.

However, Harper said a significant amount of work and political compromise is still needed on a handful of key issues before Canada and the European Union complete a trade deal.

"Based on the meeting we had today, and some recent discussions, we still have some very significant gaps that have not been bridged, and that is the reality of the situation," Harper said.

The Canada-EU Comprehensive Economic and Trade Agreement (CETA) would be the biggest trade deal in Canadian history, but Harper said it must be done in a way that serves the interests of the provinces and the broader Canadian economy. "We are not there as of now," he said.

The schism between the two sides on some major issues could be problematic for the Harper government, as the European Union turns its attention to negotiating a free-trade deal with the United States. The EU and U.S. launched their trade talks over the summer.

Canada and the EU have seemingly been deadlocked on a couple of key issues in recent

months, including Canadian beef access into Europe, government procurement on urban transit in Canada, and financial services and investment protection.

The European Union delegation in Canada said Friday that Harper and Barroso had a constructive meeting and "there is further approximation of positions," with both sides planning to remain in contact in the coming weeks with "a view to conclude negotiations."

Recently leaked documents indicated Canadian negotiators agreed to increase to \$1.5 billion the threshold for reviewing foreign acquisitions of Canadian firms by European companies.

All EU takeovers under \$1.5 billion would not be subject to review under the Investment Canada Act to determine whether they're of "net benefit" to Canada, said the documents.

The federal government's budget bill, passed in the House of Commons in the spring, increases the threshold for a review of foreign acquisitions from the current \$344 million to \$1 billion over the next four years.

Both sides have agreed to eliminate all industrial tariffs within seven years, saving Canadian exporters more than \$200 million annually in duty payments and European exporters more than \$600 million annually, said the leaked documents.

Leaders from the 20 largest developed and emerging economies concluded their summit Friday by committing to dozens of measures to stabilize the global economy, increase growth, liberalize trade, combat international tax evasion and get their fiscal houses in order.

The G20 leaders agreed to extend their commitments to avoid new

protectionist trade measures for another two years until 2016 - something that was near the top of Canada's wish list.

"We recognize the risks of economic slowdown and trade weakening posed by protectionism," the leaders said in their economic declaration. "We reaffirm commitment to roll back new protectionist measures."

However, some G20 leaders have noted that hundreds of protectionist trade measures have been adopted by various countries since the economic downturn, with very few of them being rolled back.

The G20 nations have also agreed to an Organization for Economic Co-operation proposal that will, by 2015, allow tax authorities to share banking information to combat tax evasion.

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