

Trade deal coming soon with EU

April 24, 2012

BY PAUL MCLEOD OTTAWA BUREAU

What could be the biggest free-trade deal in Canada's history is 75 per cent complete and should be signed within six months, the Danish trade minister said Monday.

CETA, the free-trade deal between Canada and the European Union, is currently in its 10th round of closed-door negotiations. During a visit to Ottawa, Pia Olsen Dyrhøj said the end is in sight.

"We have to finalize the last bits, but I see that coming very soon. My perspective would be that within half a year we have finalized this agreement," she said.

But Olsen Dyrhøj revealed that some of the thorniest issues remain unresolved. These include Canada's supply management for poultry, eggs and dairy, which the EU wants to alter or do away with.

Another disagreement is with rules of origin. Canada is fighting for a definition of "made in Canada" that accommodates sectors like the auto industry that are closely intertwined with the United States. But the EU has expressed concerns the United States might try to use CETA as a backdoor to entering the European market without tariffs.

Rules of origin affects a broad range of fields. Should livestock be traced back to their place of birth, as the EU contends, or the place of slaughter as Canada has proposed? Should fish be traced to where they were caught or the country in which the fishing boat is registered?

"Let's be frank; it's still one of the items being discussed," said Olsen Dyrhøj.

CETA, also known as the Comprehensive Economic Trade Agreement, is expected to be far more wide-ranging than the North American Free Trade Agreement and will impact everything from goods to investment to local procurement projects.

Denmark currently holds the presidency of the Council of the European Union. Appearing on Parliament Hill alongside Olsen Dyrhøj, Canadian International Trade Minister Ed Fast said no issues on the table are threatening to derail negotiations.

"We don't see any holdups right now. We're continuing to negotiate in good faith. Both parties obviously have certain areas of sensitivity that have to be discussed at the table," said Fast.

He wouldn't say whether a list of protections sought by the provinces would survive the talks.

Ottawa had asked provincial governments to outline the areas they want excluded from a new trade deal.

Nova Scotia asked to have its liquor monopoly, as well as mining, forestry, fishing and gambling industries, exempted from European competition, according to documents leaked to the Quebec Network on Continental Integration.

The province's 24 proposed exemptions would preserve the Nova Scotia Liquor Corp.'s market access monopoly, and allow the corporation to give preferential treatment to local providers.

Other proposals would limit foreign access to food, pipelines, electricity, mining, quarrying and oil and gas activities.

Above all, Europe wants the right to bid on big-ticket provincial and municipal procurement contracts. Many municipalities have balked at the idea.

Fast wouldn't comment Monday on how many provincial requests are likely to make it into the final deal.

"We will not sign an agreement unless it is in the best interest of Canadians," said Fast.

As CETA grows closer, the government is ramping up its hype.

Fast referred to CETA as "the most comprehensive and ambitious trade agreement Canada has ever signed." He called it "the new stimulus" that is key to ensuring a global economic recovery.

Trade between Canada and the EU topped \$92 billion last year. The federal government estimates CETA could boost that amount by 20 per cent.