

## **CERT OP-ED Piece – Canada**

**June 27, 2002**

### ***"Bridging the Atlantic"***

Several tragic and challenging events over the past few months have given Canadians the opportunity to rethink their place in the world and how they interact with some of their closest trade partners. Although Canada enjoys a vast range of benefits from its trading relationship with the United States and Mexico, Canadian business and government continue to ignore one region that has the potential to present numerous opportunities – the European Union.

The bonds between Canada and Europe are historically strong, both in economic and cultural terms. By bringing together the 15 member states of the EU, which will soon be expanded into Eastern Europe, the region has the potential to offer many lucrative opportunities for Canadian exporters.

On a recent trip to Madrid, Prime Minister Chrétien and International Trade Minister Pettigrew recognized this by suggesting that governments on both sides of the Atlantic should assess the feasibility of entering into a free trade relationship. The Canada-Europe Round Table for Business (CERT) strongly supports this initiative.

A free trade deal between Canada and Europe has the potential to offer substantial gains for both regions. The EU now accounts for almost 40% of all global trade. It is also the largest importer of goods in the world. Like Canada, the EU has also been diligently negotiating numerous bilateral free trade agreements, including a deal that was finalized with Mexico in 2000. However, as many commentators have observed, the trading relationship between Canada and the European Union has been in constant decline since the introduction of NAFTA.

Canada has a proud history in spearheading multilateral trade negotiations, and positioning itself as a prominent exporting nation to the world. In recent years, however, the trend has been for Canada to put all its eggs in one basket by taking advantage of its close relationship with the U.S.

Last year over 82 percent of all Canadian exports went stateside (Canada-U.S. trade accounts for 87 percent of our total trade balance). While Canada does benefit from its proximity to the United States, it also runs the risk of becoming too reliant on an economy that has a tendency to lean towards safeguarding domestic industries at the expense of fair and equitable trade with other countries.

Economic integration with the U.S. has always been difficult to avoid – we share similar customs and values – not to mention the largest undefended border in the world. However, in recent months this relationship has not been as prosperous as we would like to believe. Trade disputes in softwood lumber and agriculture continue to show that Canada's southern neighbours are more prone to protectionism than integration. And Canadian exporters continue to be on the losing end.

Prime Minister Pierre Trudeau recognized that the close relationship between Canada and the U.S. has the potential to be both a blessing and a curse. The "third way" in Canadian foreign policy was intended to address this reality. In trade terms, this approach was designed to encourage government and industry to look beyond the confines of North America for lucrative export opportunities and diversify Canada's trade portfolio.

In November 2001, CERT gathered competition experts from around the world in Brussels to make the case for convergence of international competition regimes, and to urge regulators in Canada and the European Union to take a leadership role in easing competition regulations across borders. Earlier today CERT hosted a session of business and government leaders as part of the Conférence de Montréal to follow-up on these recommendations and assist business by directly addressing a major barrier to doing business between Canada and Europe.

Federal and provincial governments continue to introduce new incentives to attract investment and create jobs. However, such investment will only take place if governments press for balanced trade rules and the market access that will allow fair, rules-based competition to take place. As an organization of business leaders, CERT will continue pressure governments on both sides of the Atlantic to move forward in this discussions and secure new business opportunities for Europeans and Canadians alike.

The Hon. Roy MacLaren, PC  
Canadian Chair, CERT

Baron Paul de Keersmaeker  
European Chair, CERT