

Canada not bending in trade talks with EU, Harper insists

[STEVEN CHASE](#) AND [BILL CURRY](#)

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Stephen Harper is trying to dispel the impression painted by a senior European official that Canada is ready to bend in the high-stakes negotiations to strike a trade liberalization deal with the EU, a market of more than 500 million consumers.

The Prime Minister used a meeting with the European Union's senior political leadership on Friday to signal he is not about to cave despite months of delay in reaching an agreement that the Conservatives had once promised to wrap up by the end of 2012.

A day earlier, a top EU official had spoken publicly of hearing "conciliatory" words from the Prime Minister's Office – comments Canadian government sources said made it seem as if Ottawa was ready to offer concessions.

Mr. Harper took to the microphones after a Group of 20 summit in St. Petersburg to make it clear nothing of the sort was happening. Major Canadian lobby groups – such as cattle producers – have warned the federal government they would be hard pressed to support the Comprehensive Economic and Trade Agreement if it falls short of expectations.

The Prime Minister, who met with European Commission President Jose Manuel Barroso on the sidelines of the G20 summit, poured cold water on the idea the two sides are close to a deal.

He said Canada and the EU have made considerable progress since negotiations began four years ago, but described a conclusion of talks in terms of "if" rather than "when."

"We still have some very significant gaps that have not been bridged and that is the reality of the situation," he said.

"As I've said all along, we want to see a deal. This would first of all be

the biggest trade deal in Canadian history if we could get it done, but we've got to get it done in a way that, in our opinion, and the opinion of all the provinces, which are our partners in this, serve the broader interests of Canadians and the Canadian economy, and we are not there as of now."

On Thursday, Peter Stastny, EU's rapporteur for the negotiations with Canada, had told a European Union Parliament trade committee that he was hearing "conciliatory and optimistic rhetoric" from the Canadian PMO that "seems to minimize" the remaining roadblocks to a deal.

Canada's inability to secure sufficient annual access to EU markets for beef remains the biggest issue. The EU is offering more than 40,000 tonnes a year – sources have suggested it is 50,000 to 60,000 tonnes – but the proposal has not satisfied the Harper government. Ottawa wants as much of the quota as possible to be fresh rather than frozen meat.

Canada also wants as much leeway as possible to ship Canadian-assembled cars to the EU. The Europeans want Ottawa to lengthen the effective patent protection for brand-name medicine in Canada and open up provincial and city procurement markets.

Canadian and EU negotiators are preparing to set a timetable to resume talks.