

# Canada's visa policy may yet scuttle free-trade deal

Negotiations on CETA near completion, but Czech officials vow to hold up approval

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Canadian PM Stephen Harper, European Council President Herman Van Rompuy and European Commission President José Manuel Barroso convened earlier this year to address the trade dilemma.

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As two years of negotiations on a free trade agreement between the European Union and Canada reach an endgame, Czech officials are sticking to threats to block ratification if a controversial Canadian visa requirement is not lifted.

"We hope we won't need any visa at the time when the ratification procedure starts," Deputy Minister of Industry and Trade Martin Tlapa, who has taken part in the negotiations, told The Prague Post.

"Otherwise, we will have a serious problem."

The ninth round of talks on the Comprehensive Economic and Trade Agreement (CETA) ended Oct. 21 with formal offers from both Canada and the EU on both trade and investment with a goal of completing a deal next year. It remains an ambitious timeline, even with Czech reservations aside, considering the process must take into account concerns from all 27 EU member states as well as representatives from Canada's central government, 10 provinces and three territories. More recently, the Canadian public has expressed reservations about what some say is an asymmetrical deal.

It was during the Czech EU presidency of 2009 that CETA negotiations were initiated. But that same year, Canada reinstated a visa

requirement for Czech citizens citing a spike in asylum requests that Canadian officials attributed to members of the Roma minority seeking refugee status.

The news site Aktuálně.cz recently reported that Canada planned to lift the visa requirement by June 2012, which Canadian Ambassador to the Czech Republic Valerie Raymond denied when contacted by The Prague Post. Raymond also said the visa issue was not part of the CETA negotiations, although Czech officials seem to say it is.

"If the [visa] issue is not resolved by the time the negotiations are concluded, it cannot be granted that the Czech Parliament will not postpone its ratification," a spokesman for the Foreign Affairs Ministry told The Prague Post, citing the precedence of holding up the 2009 EU-Canada Air Transport Agreement.

The visa policy is not just a matter of diplomacy, said Jerry Jelinek, founder of the Czech Business Association of Canada and now the honorary consul of the Czech Republic for the Province of Alberta, who said the requirement is the No. 1 concern for Czech entrepreneurs and companies considering doing business in Canada.

"Every time I go to the Czech Republic, I talk to at least 30 different companies to promote Canada as a country to do business, and I hear them say a lot, 'That sounds good, but until they lift the visas, we just won't go there,' " Jelinek said.

However, before ratification of the agreement even becomes an issue, CETA negotiators have a number of obstacles they still must clear.

"When the Canadian team goes to Brussels, at any one point in time there might be a delegation of 35 people including the 10 provinces and three territories, which makes the whole thing much more complex," said Debra Steger, a senior fellow at the Centre for International Governance Innovation in Waterloo, Ontario.

The complicated process has caused some to question whether at the end of the negotiations, any trade deal can be substantive, especially as a global economic slowdown tends to make "protection[ists] louder than free traders," according to Tlapa, who reiterated his support for the pact as a deal that will reduce business costs on "both sides."

CETA advocates say the deal will boost trade for both sides by some 20 percent and create around 80,000 jobs in Canada, promoting an annual economic growth of some 12 billion Canadian dollars (206 billion Kč). The EU would likewise generate around 80,000 new jobs, proponents say.

"It is a major step in regional trade agreements or preferential trade agreements," Steger said, "It goes way beyond traditional tariffs and customs and even trade and services, and deals with beyond the border regulatory issues. In that sense it's a new model for economic and trade agreements."

Advocates say the major benefits for Europe come in intangible trade like public procurement and financial services.

"With the economic difficulties in Europe, working with Canada, which of all the [Organization for Economic Cooperation and Development, OECD] economies has the strongest economy right now, would be a plus," Steger said. "Canada would provide a good insurance policy for Europe."

Likely the most interesting Canadian markets for Czech businesses would be machinery, automotive, as well as services like air and land transport, advertising, market research and IT services, Tlapa said.

"The removal of obstacles will open opportunities for new deals in trade and investments," he said. "Liberalization will also facilitate the temporary movement of professionals, leading to new contacts."

But some Canadians feel their country is getting the short end of the stick, as the export potential of the EU into Canada is far greater than Canada to Europe, arguing a flood of European products will saturate the Canadian market. They also worry that any deal could open Canadian public services up to ownership by foreign companies.

"The proposed deal will allow EU companies to elbow their way into the provision of Canada's public services, or public construction, or the provision of public utilities," wrote Larry Brown, from the National Union of Public and General Employees in Canada, in a recent editorial.

The Council of Canadians, which also opposes the deal, has told members of the EU Parliament the agreement will force Europe to accept oil imports from Canada's Alberta oil sands, which the EU has thus far been hesitant to import, alleging the manufacture of such fuel generates a greater carbon footprint than other energy sources.

The concerns could complicate remaining issues. The EU has asked Canada to abandon using geographic labeling, as in the use of names in food branding like Parmesan and Gouda cheeses, which come from specific European regions.

The EU is also asking Canada to change intellectual property rights that would allow the lifetime of drug patents to be extended, a request that pits European pharmaceutical giants against Canada's mostly generic drug industry. Canadian industry experts say this would drive up annual prescription drug costs some 2.8 billion Canadian dollars.

"There may be a lot of achievements in a whole bunch of areas, but Canada probably won't get absolutely everything it would want on its ultimate wish-list from the EU," Steger said.

But neither will the EU, she said. Canada likely won't agree to changes to its agricultural subsidies.

"I wouldn't be worried," Jelinek said, referring to protectionist concerns for both EU and Canadian businesses. "If you are competitive globally, and you have to be, because it is a global market, then you shouldn't be worried."