

Canada-EU Free Trade: Leaked EU Document Sheds Light On Negotiations

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The practice of Canadian municipalities “buying locally” will disappear with the signing of a Canada-EU free trade deal, and provincial development programs could go with them, according to a leaked EU document [obtained by Montreal’s *La Presse*](#).

[The document](#), prepared by the European Commission for its Trade Policy Committee and dated Nov. 6, 2012, says that Canada is offering more favourable terms for European access to municipal contracts than Canadian provinces give one another.

It is “[the most ambitious and comprehensive offer Canada and its provinces have made to any partner, including the U.S.](#),” the document states.

“Buy local” policies are used by Canadian governments to support local businesses and encourage new investment, but foreign trade partners have frequently complained about being shut out of government contracts.

Despite the concessions, the EU document states European negotiators will continue to press for more, including greater access to the energy sectors in Ontario, Quebec and Newfoundland, and for the “elimination or redrafting” of provincial development programs that could run afoul of the newly liberalized trade policies.

Officials in some Canadian cities have [expressed concerns about the EU free trade deal](#). Critics of the proposed agreement argue Canada will lose at least some of its ability to nurture local businesses through government spending.

“The amount of room our provinces, municipalities and local communities have to support local farmers and otherwise create the jobs of tomorrow is threatened again by a Canada-European Union free trade deal that will forever prohibit these kinds of economic strategies,” Council of Canadians chair [Maude Barlow recently warned](#).

A study from the left-leaning Canadian Centre for Policy Alternatives, based on the scant available information about the deal, estimated that [Ontario alone stands to lose between 13,000 and 70,000 jobs as a result of the deal](#). The study did not address potential job gains from increased access to European markets.

It's estimated [trade between Canada and the EU could swell 20 per cent](#) under the deal.

The leaked EU document was written before last week's meeting between Trade Minister Ed Fast and EU Trade Commissioner Karl De Gucht, which was meant to iron out differences still remaining between Canada and the EU.

It says that a completed deal or “the options for such a full deal” are to be presented to the EU's Foreign Affairs Council by the end of this week. However, following the trade ministers' meeting last week, Canadian officials said [talks are likely to continue into next year](#).

The leaked EU document also confirms earlier news reports that Canadians could face higher drug costs as a result of the deal, as the EU is pushing for longer patent protections on brand name drugs. Initially, it was estimated that acquiescing to the EU's demands could [cost Canadians \\$2 billion extra in health care spending annually](#), but [more recent estimates peg that at around \\$900 million per year](#).

The document suggests that the Harper government itself, and not negotiators, will have to make a final decision on drug patents.

“Given the high degree of political sensitivity, both at the federal and provincial level, Canada has not made any move on this issue in the negotiations and clearly any decision on the EU requests will be taken at the highest political levels at the end of negotiations,” the document states.

Other areas also continue to be unresolved, including Canada’s highly sensitive “cultural sector.” The document indicates the EU wants all protections for cultural industries to be removed, but is willing to compromise on some areas. Which areas it is willing to compromise on is unclear.

But the EU feels Canada’s definition of cultural industries is too broad, and the document questions why Canada would include such things as satellite transmission to be cultural.

The document also suggests that protections for agricultural industries — both in Canada and Europe — will likely survive the negotiations.

The Harper government has been busy dismantling parts of Canada’s network of food supply management, such as the Canadian Wheat Board, which lost its status as the monopoly supplier of Canadian wheat earlier this year. This prompted predictions that more of these types of institutions would disappear with future trade deals.

But the document states the EU is trying to protect its beef, pork and sweet corn producers from competition, while Canada continues to work to protect its dairy, poultry and egg sectors.

Neither Canada nor the EU have put any offers on the table on these issues, the EU document stated.