

Canada-EU deal would end favouritism on procurement, says Van Loan

By: **Julian Beltrame, The Canadian Press**
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OTTAWA - The federal government is touting the benefits of a comprehensive trade deal with the European Union as a safeguard against more Buy American-style protectionism.

Trade Minister Peter Van Loan said in an interview that the trade deal being negotiated with the EU would prevent member nations from favouring their own industries in government procurement.

Canada and the provinces would also have to open bidding to European contractors, but Van Loan said most procurement in Canada is already open.

He said Canada would not have been shut out from bidding on the \$800-billion stimulus package in the U.S. if negotiators had included sub-national governments like provinces and states in the original Canada-U.S. trade deal and later the North American Free Trade Agreement.

Opposition to those trade deals kept the provinces on the sidelines, although they are participating in the current talks with the EU, Van Loan added.

The result was that Canadian firms lost out on potential work and jobs when the U.S. Congress passed laws shutting out foreign bidders.

"If we had secured access through procurement, we would never have had the problem," he said. "In fact, we would have had a requirement that state governments would have to allow Canadian companies to compete on a level playing field."

That analogy is disputed by critics of the EU talks, which resumed in Ottawa this week.

Stuart Trew of the Council of Canadians said true reciprocity on procurement between Canada and the EU would be "impossible" to achieve.

"It's going to be very difficult for Canada to get a good deal," he said, noting that some municipalities have expressed concern that they will no longer be able to favour local suppliers.

"European companies are going to use this deal as a big stick to beat over the heads of our municipalities when they don't win bids."

The other controversial issues under negotiation involve lowering tariffs on dairy imports, which in Canada can approach 300 per cent, and Ontario's requirement that renewable energy projects spend a certain percentage of their project costs on Ontario goods and labour. Japan has already argued that this violates Canada's international trade obligations.

Van Loan said everything is open to negotiation, but noted that Europe has even higher barriers to agricultural imports than Canada.

The government maintains that a free-trade deal with the European Union would bring an additional \$12 billion in economic growth, half through the reduction of tariffs and the other half in services and other activities.

Despite opposition from labour groups and the Council of Canadians, the talks have flown mostly under the radar.

Liberal trade critic Barbara Hall Findlay said her party supports the initiative, but will have to see the details before deciding if it is good for Canada.

The talks have been progressing faster than predicted, said Van Loan. However, negotiations on the difficult issues only really get started this week, he added.

The two sides are aiming for a signed agreement by the end of 2011.