

Canada-EU free-trade deal slowly sprouting in Brussels

BY PETER O'NEIL, EUROPE CORRESPONDENT, POSTMEDIA NEWS

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PARIS — Canadian and European Union negotiators made progress in Brussels this week on an ambitious free-trade deal with benefits that could exceed projections of \$12 billion in Canadian wealth generated annually by 2014, Trade Minister Peter Van Loan said Friday.

But the minister acknowledged that negotiators still face tough challenges on politically touchy issues — particularly on Europe's top demand that its multinational companies have the right to bid on lucrative provincial and municipal government procurement contracts for goods, services and infrastructure.

A critic of the negotiations, meanwhile, predicted that the final package will not be as profitable as claimed and will prove divisive and controversial in both Europe and Canada.

Most negotiators packed up Friday after a week of talks in the fourth of five scheduled rounds, though some will remain in Brussels until Tuesday to work on specific issues.

Van Loan said he remains confident that the negotiations, which will resume for the fifth and final set of talks in October, will lead to a mutually beneficial agreement by the end of 2011.

"While we are dealing with more challenging issues now, we are still making considerable progress, closing chapters and narrowing the focus of discussions on more difficult areas," Van Loan told Canadian reporters in a telephone briefing from Romania, where he is on a trade-promotion mission.

He dismissed critics who have said the \$12-billion projection made in a 2008 study was overly optimistic, since it was done before the global recession hit with full force and doesn't take into consideration the recent sharp decline in the euro. "I actually think that the estimate may be a little bit conservative," he said.

Van Loan also said the joint Canada-EU study was based on the assumption that the Doha round of the World Trade Organization talks on a new global trade deal would be successful. With Doha stalled and with little prospect of a global deal to reduce tariff and non-tariff barriers, a Canadian agreement to gain better access to the world's largest common market becomes more beneficial for Canadian businesses.

Council of Canadians spokesman Stuart Trew, who was in Brussels this week and has been briefed by Canadian negotiators on the talks, said the minister is exaggerating the potential gains.

He also said Europeans will put up a fight when they learn of Canada's attempt to ship items like hormone-treated beef and genetically-modified corn, products which are viewed more skeptically by a far more cautious EU regulatory system.

"The deal will be as controversial in Europe as it will be in Canada," Trew said.

Canadian cities, he added, are likely unaware that provincial governments plan to open up municipal procurement to European bidders. "We think they're willing to give cities up. I don't think cities have been adequately consulted in that respect."

Jason Langrish, executive director of the Canada Europe Round Table, disagreed with Trew's claims.

"The council is uninformed and amateur," he said.

Langrish said the proposed deal's quota is large enough to make it profitable for Canadian ranchers to raise hormone-free beef. He also said some EU countries will likely be able to accept genetically-modified corn by the time a deal is struck.