

Canada-EU trade agreement could be most significant since NAFTA, says expert

By [Andrew Russell](#) Global News
May 9, 2013

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TORONTO - Cheese for beef.

That is the last sticking point in a proposed Canada-European Union trade agreement, according to the EU's ambassador to Canada, Matthias Brinkmann.

Brinkmann said the EU is ready to agree to allow more than 40,000 tonnes of beef imports into Europe, in exchange for Canada accepting an increased amount of European dairy imports, specifically cheese.

The proposed Canada-EU agreement could be the most significant agreement for Canada since signing the North American Free Trade Agreement, as it gives Canada access to a European market of roughly 500 million people.

Closing the agreement is an important political priority for the Harper government, said Walid Hejazi, a professor of international trade at the Rotman School of Business.

“Politically this is very, very important,” said Hejazi. “They put a lot of political resources into it. A major criticism of this government is that they’ve been unable to close a major trade agreement.”

The EU is Canada's second largest trading partner next to the U.S. In 2011 Canada's exports to the EU totaled \$55.3 billion, an increase of 12.6 per cent from 2010, according to the [Canada Trade Commission](#).

In the same year imports of goods and services amounted to \$61.1 billion.

“A majority of the trade with the EU takes place in industries with low tariffs,” said Hejazi. “Most of the benefits would come from opening services that are closed.”

Services that would open under the new agreement include government procurement contracts.

Under the new agreement the Canadian government could look to European consulting firms for research contracts and European countries could look toward Canadian research companies.

As the Canadian government tries to close the deal with the EU they are also competing with the U.S. who is also currently negotiating a trade agreement with Europe.

“If the Americans sign an agreement with Europe it would be so enormous and could overshadow the agreement with Canada,” said Hejazi. “Not that it’s one or the other, but it could affect how quickly the Canadian agreement is signed.”

A dispute between Canada and the Europe has begun over an EU proposed fuel quality directive (FQD), which could label crude from the Canadian oilsands among the most harmful on the planet.

“As currently proposed the FDQ unfairly singles out Canadian oilsands,” said Minister of Natural Resources Joe Oliver. “Recent studies demonstrate that oilsands crude emits less [greenhouse gas] than some Californian or Venezuelan crude.”

Minister Oliver warned that if the proposed FDQ measures are implemented Canada will not hesitate to defend its interests.

What effect the energy dispute will have on closing the trade agreement remains to be seen, but Hejazi said that any friction can have negative repercussions.