

EU, Canada trade pact stalls on public services

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By Juliane von Reppert-Bismarck

BRUSSELS (Reuters) - Talks about a free-trade pact between Europe and Canada stalled this week as negotiators disagreed on how to open public contracts and services markets to each other's operators.

It now seems unlikely a pact that could add billions to annual income and strengthen transatlantic ties will be signed this year as planned, people briefed on the issue said.

"It's moving, but it's slow. It's clear the delay is on the European side," Jason Langrish, director of the Canada Europe Round Table for Business, told Reuters.

EU trade officials declined to comment and the Canadian government did not respond to requests for comment.

The delay raises further doubts about a trade agreement that has come under increasing fire from political and campaign groups on both sides.

Some critics say a deal would boost the exploitation of controversial oil sands deposits in Canada; others reject the opening of sensitive sectors such as drinking water, health and defense to market competition on both sides.

But appetite among EU and Canadian businesses remains strong for a deal.

SERVICES, PROCUREMENT AND INVESTMENT

European capitals, armed with a veto on any deal negotiated by the EU's executive Commission, have been slow to agree what services to exempt from Canadian competition, said Langrish and campaigners briefed on the talks by Canadian negotiators.

EU states have also taken longer than expected to agree what guarantees a pact should offer for Canadian investments in Europe and European investments in Canada, particularly in the energy and mining sectors, they said.

And there is still disagreement over how far Canada will go in allowing European bids for public contracts worth an estimated C\$100 billion (US\$103.4 billion) a year.

That could become even more contentious if political parties opposed to opening procurement markets do well in elections in Canadian provinces including Ontario and British Columbia.

Critics of the pact hailed the delay.

"Anything that delays these negotiations is good news to us. We are still highly concerned that public services are threatened in these discussions. We were happy to see that many of our concerns are reflected among European lawmakers," said Stuart Trew, spokesman for the Council of Canadians environmental campaign group, who had been briefed on the talks.

BY WHOM

Negotiations were expected to continue in Brussels on less contentious issues until the end of the week, but little hope remained of ironing out differences in time for the next round of talks in October.