

EU-Canada Free Trade Could Change U.S.-Canada Relations

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EU Trade Commissioner Peter Mandelson has been in talks with Canada's Trade Minister, Michael Fortier, trying to craft a trade agreement. (Fabrice Coffrini/AFP/Getty Images)

Canada is moving toward a far-reaching free trade agreement with the European Union that advocates say will end a long-standing dependency on the U.S. market.

While the specifics of the agreement haven't been discussed, Canadian and European officials could begin negotiating as soon as October 17, just three days after Canada's federal election.

Canada's Trade Minister, Michael Fortier and his staff have been in talks with EU Trade Commissioner Peter Mandelson and European government officials for the past two months. Recently a senior EU official involved said the talks aimed at starting "deep economic integration negotiations," reported the *Globe and Mail*.

If the deal goes ahead, Canada would be the first developed country outside the EU to have the kind of access to those markets normally reserved for EU members.

"It's one of the best things we could do, the best thing we could do for our country," said Jason Langrish, executive director of the Canada Europe Roundtable, a group working to promote Canada-Europe trade.

While critics of NAFTA, the free trade agreement Canada already has with the U.S., may denounce the agreement as only furthering the interests of large corporations, Langrish said that opposition will likely be less than there was to NAFTA.

“This is a very good way for us to offset our relationship with the U.S.”

Langrish said deeper integration with the EU would give Canadian exporters running into trouble with American protectionism another option. He said Canada often comes to the trade table with the U.S. with a weak hand because American officials know Canada has nowhere else to go.

He adds that we would be dealing with an economic block that has the same social and cultural values as Canada, such as state-funded healthcare.

Langrish also said it would give Canada a technological leg-up because we would get Europe’s green technology.

That could include tidal energy and wind technology, as well as public transport.

For EU members, the economic block offers a large open market, but normally non-members encounter tariffs and regulations that make the market almost inaccessible. A free-trade agreement would eliminate those barriers, said Langrish.

“Sometimes you just want to get your foot in the door.”

But such an agreement will go even beyond NAFTA, and has to in order to be successful, as previous attempts fell apart because they did not go far enough. A primary concern is provinces allowing European companies to bid on contracts on a level playing field with Canadian companies. The trade agreement would also allow free movement of skilled workers.

Langrish said any brain drain would likely result in European professionals coming to Canada to enjoy better taxes and cost of living.

He added that the Conservatives have been deeply involved in the process and an agreement would go through much quicker if they were re-elected but said the plan has bi-partisan support so will likely go ahead regardless.