

Europe to Canada: Get your act together

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BRUSSELS — The two presidents of the European Union will arrive in Montreal on the Friday after Canada's Oct. 14 federal election for a meeting that Prime Minister Stephen Harper has studiously avoided mentioning.

Nicolas Sarkozy will be there not as the President of France but as the acting president of the European Council, the top political office of the European Union. He will be joined by Jose Manuel Barroso, the president of the European Commission, the EU's top executive office. Thus, the two men who can be described as "the president of Europe" will be joined by whoever happens to be the prime minister of Canada.

That night, the three of them will announce the economic and political engagement of the two federations. They still haven't agreed on the name of the thing, though they are leaning toward Economic Partnership Agreement.

It will just be the preliminaries, but many people hope it will result, after a period of talks, in the consummation of a complex and potent marriage between Europe and Canada.

Two weeks ago, when I revealed that there had been months of secret meetings, led by Quebec officials and involving serious engagement by Mr. Harper and Mr. Sarkozy, to arrange what some European officials call "deep integration" talks, the idea proved to be enormously popular with Canadians.

Prominent European leaders, such as Trade Commissioner Peter Mandelson (who stepped down yesterday to join Gordon Brown's British government) and Mr. Barroso, tell me, through their senior aides, that they are willing to give the idea a shot, albeit while also courting other developed nations, such as Japan. Mr. Sarkozy, for his part, wants a Canadian deal to be one of the major accomplishments of his six-month turn in the European presidency.

Yet there is a very good chance it will not happen. If the talks collapse, as they did after a 2005 attempt at a much more modest investment deal, it won't be the result of Europe's failings. There is something very dysfunctional about Canada, many Europeans believe, that makes it hard to fit into the wider world. Any failure will be the direct result of the Canada that Stephen Harper has created.

"The problem with Canada," senior EU official involved in the talks told me, echoing a view that is heard in many of the EU member governments today, "is that it's not really

one place. You think you're talking to Canada, and you make a deal, and then it turns out that someone else, in one of the provinces, has gone the other way. There's no unity."

The problem with Europe, Henry Kissinger once famously said in the seventies, is that it doesn't have a phone number. That's not true any more. Now, Brussels happily answers the phone for guys like Henry, but when Mr. Barroso tries to get on the horn with Canada, his secretary doesn't know whether to dial 613 or 450 or 403 or 604. Each line gives a different answer.

While the premiers of Quebec and Ontario both gave this deal their outspoken assent this week, the Europeans can't help noticing a major barrier to a deal that would harmonize European and Canadian standards and allow companies to do business with governments as if they were at home: Canada's provinces have never been able to get that kind of co-operation between each other. Note the tragic irony: Canada, a sovereign nation with 10 provinces and three territories, is considered fractious and lacking in unity by an organization that contains 27 independent nations and employs 3,000 full-time translators, including a woman who spends her days rendering Estonian into Maltese. But in many ways it's true: Bulgaria and Ireland play together better than Alberta and Newfoundland.

More than half the laws in any European country are EU laws; there's a near-total harmonization of standards, measures, government activities; there's complete freedom of movement, allowing companies to do business in any other member country as if it were their own. If the mayor of Lisbon wants to buy some new city buses and a company in Slovakia has the right stuff, then he has to treat it as if it was a Portuguese company. If a Polish plumber wants to set up shop in Bologna, the Italians have to give him a licence and recognize his qualifications.

Little of the above is true in Canada. A recent report by Industry Canada looked at half a dozen major studies and found that even though most of the interprovincial trade barriers have disappeared, it is still extremely difficult to do business across Canada: "Overlapping regulations between jurisdictions, multiple licensing requirements and local preferences in awarding government contracts [are] the biggest obstacles facing businesses."

That's exactly the stuff that Europe wants to make central to the deal ("They want the full Monty, if you know what I mean - the works," a French government official told me. "There's no point in doing a deal if we can't get full access to government services.")

But most alarming to the Europeans is that Mr. Harper does not appear to be moving Canada toward a Europe-friendly harmonization. Quite the contrary, he has spent his time in government promoting something he calls "open federalism," an approach he once likened to Belgium, a country that has just about collapsed under the weight of disunity. Today, he uses the term to suggest a shift of power to the provinces, and a removal of national standards in, say, labour laws or job training or medical care or housing standards.

The most significant manifestation of open federalism has been on carbon-emissions policy - an area that European leaders take extremely seriously. They see Canada as having an impossible hodgepodge of approaches: Quebec has a carbon-trading system, British Columbia a carbon tax; several provinces are trying to reach an agreement with several U.S. states on carbon taxes; some provinces, such as Alberta, have little more than a policy of increasing pollution.

During the past two years and eight months of Mr. Harper's reign, a period when Europe was breaking its collective back trying to find a way to make its member countries more united and harmonized, Canada was moving in the opposite direction. That, more than anything else, is threatening to keep us out of the world's most lucrative market.