

Greek crisis makes Canada-EU ties crucial: Harper

Europeans press Canada on bank tax and climate change

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BRUSSELS – Prime Minister Stephen Harper says the financial unrest sweeping Greece is even more reason to press ahead with negotiations on a sweeping economic pact between Canada and the European Union.

Harper spoke at the close of the annual Canada-EU summit, as unrest sparked by Greece's debt woes led to the deaths of three people in an Athens bank torched by protesters unhappy at austerity measures meant to bring financial stability to the country.

“This series of events underscores why it is important to push these trade negotiations forward. We need to push forward an economic recovery,” Harper said.

“One of the most important things is to continue opening global trade and to resist protectionism.”

Citing Greece's debt problems and the fragile economic rebound, the prime minister pointedly told his European hosts that the economy will be Canada's top priority when G8 and G20 leaders meet in June in Muskoka and Toronto.

“When you look at the problems in Greece and the challenges we face in general . . . in the global economy, it shows us precisely why the economy remains our top priority,” Harper said.

The prime minister joined with EU leaders in a bid to contain the Greek crisis, saying the EU had taken “all necessary steps.”

Jose Manuel Barroso, president of the European Commission, urged everyone to stay “cool,” saying the package of loans worth 120 billion euros (\$159 billion) to bail Greece out was in the early stages.

“It is not only in the interests of Europe. It is in the interests of global financial stability,” Barroso said.

Still, on a day when when Harper and EU leaders stressed their common ties and position on Greece, they could not paper over big differences on two files that could spark friction at the summits next month.

It became clear that the Europeans are putting the squeeze on Canada to put two contentious issues – a bank tax and climate change – on the agenda at the G8 and G20 meetings.

But Harper flatly rejected the bank tax, saying Canada’s tough banking rules avoided the financial meltdown that occurred elsewhere.

During a lengthy chat with Canadian reporters, Barroso made clear that Europeans want the bank tax and climate change to be on the G8 and G20 agendas.

He urged Canada to see the proposal for a special levy on the financial sector to spare taxpayers from having to fork out in the future.

“In many parts of the world, namely the United States and Europe, there were banks that needed strong support from taxpayer’s money,” Barroso said.

“One possibility is to use these levies as a kind of insurance for future crisis . . . so it’s not the taxpayers who have to pay for the banks that could go out of business,” Barroso said.

Harper reiterated his government’s opposition to the idea, saying Canada’s banking regime prevented domestic banks from making risky investments in the first place.

“In Canada there were no taxpayer bailouts of financial institutions so we believe there is no justification for levies on banks and financial institutions,” Harper said.

“We would simply urge the focus to be on implementing the whole series of financial sector regulatory reforms that we’ve already agreed to.”

But Barroso warned Wednesday, “we cannot avoid the issue. Our position is that there should be a contribution from the

financial sector.”

On climate change, Barroso said he would like to see the issue take on a higher profile at the summits.

“Certainly we want to discuss this issue in terms of the G8 and the G20. We believe it’s also part of our economic agenda, the transition to a lower carbon economy is an important element of the economic strategy,” Barroso said.

While insisting he didn’t want to point fingers at Canada, he also noted that it’s folly for a country not to set targets on the excuse that it is waiting for others to act first.

“If we are only trying to find the lowest common denominator, we forget about our global responsibilities,” Barroso said.