

# Harper, Merkel aren't playing tit-for-tat on free trade deal, IMF bailout

By: **Mike Blanchfield**, *The Canadian Press*  
August 16, 2012

OTTAWA - Angela Merkel gave Stephen Harper what he wanted — strong public support for a Canada-European Union trade deal — but not before she gently but firmly noted "problems" with high carbon emissions from Alberta's oilsands.

Merkel's pointed observations about the need to reduce Canadian carbon emissions did not overshadow what was a genuinely warm 24-hour visit, spread over two days, in which a pair of like-minded politicians found much common ground.

But it did underscore the gap between Merkel and Harper on they key issue of the environment.

Merkel backed Harper's desire for a Canada-European Union pact by year's end, by pledging to push for a "speedy conclusion" to the negotiations when she returns home. She's only one of 27 political leaders in the EU, but as its most powerful politician, her voice will be heard.

Harper and Merkel made it clear they won't play tit-for-tat when it comes to finding solutions to global economic woes, particularly in Europe.

They agreed a free-trade deal with the EU isn't dependent on Canada spending money to support a bailout by the International Monetary Fund. Canada's firm opposition to contributing to the fund had drawn the ire of some European leaders.

But Merkel said it would be wrong to link the trade deal with the issues in the eurozone.

"Our experience is whenever we had trade agreements with other countries, that has given a boost to growth," said Merkel, who was making her first bilateral visit to Canada.

"We would actually be doing ourselves a very great disservice if we were thinking along those lines."

Canada estimates the comprehensive pact with Europe could boost the economy by \$12 billion annually.

"We have the goal of having an ambitious agreement that will not only set a high standard for agreements between major economies going forward, but will also provide a signal to the global economy that major developed countries are able to move forward on the trade agenda," Harper said.

Merkel agreed, praising Harper's stewardship of the Canadian economy in the recent years of the recession.

"I think Canada is an example for how one can actually emerge from a crisis in a robust way," she said.

"You have a free trade system. You have a sound budgetary policy and you have quite strict rules as to the banking sector. If you look at the last economic crisis ... Canada has weathered this quite well. So there's something we can learn."

Harper repeatedly praised Merkel for her political and economic leadership, even though his government — including his finance minister only a day earlier — repeatedly criticizes Europe for not doing enough to tackle its economic woes.

Harper conspicuously declined to pile on at their joint press conference: "Any advice I have to give on particulars, I'll obviously give privately."

When asked about her views on carbon emissions in Alberta's oilsands, Merkel chose her words carefully, but did not hold back. She said she and Harper discussed the issue, including the EU's upcoming plan to adopt a fuel quality directive.

Canada says the directive would unfairly label crude derived from oilsands as dirty oil, and has lobbied hard for two years to block it. The European Commission is conducting an impact assessment before the matter comes to a vote next year, an assessment Merkel backed.

"We obviously think that we need to do everything we can to reduce CO2 emissions as best we can, but we are also familiar with the problems that are there with respect to the oilsands," said Merkel, a one-time environment minister and quantum chemist.

"It doesn't mean, however, that any other extraction of natural gas is free of CO2 emissions ... One has to give a solid scientific foundation to this and Germany will come out strongly in favour of this."

Earlier, Merkel had singled out Canada's abundance of natural resources. She predicted close co-operation in the coming decades, in investing with a fair-minded partner to extract resources.

One of the five German companies that accompanied her to Canada is the K+S Group, which recently began work on its \$3.25-billion Legacy mine, Saskatchewan's first new potash mine in four decades.

Merkel was to showcase the environment by ending her Canadian trip with a stop at Dalhousie University in Halifax Thursday evening.

She was to take part in the signing of a memorandum of understanding between the Halifax Marine Research Institute and Germany's Helmholtz Institute.

After more than three hours talking mainly economics at Harper's lakeside West Quebec retreat the previous night, the Halifax stop was to give Merkel a chance to indulge in something else she cares about: mingling with scientists and students concerned about the environmental future of the world's oceans.