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International trade a Tory priority

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A white paper in all but name on global commerce. Free-trade agreements with Europe and with a raft of Asian nations.

This is the year of decision for the Harper government, when either it succeeds or fails in its effort to rebalance trade from vertical to horizontal, from north-south to east-west.

Parliament returns Monday to a legislative agenda that will largely be filled with housekeeping bills. The real agenda will be trade.

Either as part of the budget, or as a stand-alone item, the Harper government will release what one official, speaking on background, described "as close to a white paper as the Harper government will get on trade."

That report will respond to the seismic shifts that are transforming this country's trading relationship.

"Canada's trading patterns have been fundamentally altered over the past decade," the Conference Board of Canada concluded in a recent study.

While trade with the United States has been essentially stagnant through that period, trade with the rest of the world has increased by 80 per cent.

When it comes to trade policy, the rule for government should be "follow the money," Michael Burt, co-author of the Conference Board report, said in an interview.

"Canadian businesses are already moving toward more trade with these Asian economies," he observed. The job for government is to concentrate on "reducing barriers and making it easier for them to

grow their business.”

The first priority for the Conservatives, though, is not the Pacific but the Atlantic. A free-trade agreement with the European Union, the world’s largest market despite its recent woes, was to have been ready by the end of 2012.

But as Barrie McKenna and Greg Keenan write in Report on Business, talks are dragging on, hung up over disputes on pharmaceuticals, agriculture products and other sectors.

Nonetheless, although an announcement isn’t likely now until March or even April, a senior government official said that there is no chance of the talks collapsing.

“There will be a deal, absolutely,” the official said. “There’s no way that either side can reach stalemate to the point the talks fail.”

The question is whether the deal will be sufficiently ambitious to be worth the effort, whether both sides are prepared to risk and face down internal opposition for the sake of a comprehensive agreement.

Though the negotiations at this point are being conducted at the ministerial level, no one doubts that Prime Minister Stephen Harper and Jose Manuel Barroso, President of the European Commission, will have the final word.

On the Pacific side, leaders from the 11 nations in the Trans Pacific Partnership negotiations – which include Canada, the United States, Malaysia, Australia, Vietnam and Chile, among others – are committed to concluding an agreement in time for the APEC summit in Bali, which begins Oct. 5.

Trade watchers are split on the likelihood of that deadline being met. TPP is ambitious both in its scope – nothing is off the table, including supply-management protection for Canadian dairy and poultry – and in its potential for becoming the nexus of a comprehensive Pacific free-trade economic zone.

The Philippines, South Korea and Japan are thinking about joining, and there’s even talk of asking China to sign on.

The Harper government is also in trade talks with India, Thailand and Japan. The global commerce strategy aims to give coherence to these disparate initiatives, by setting priorities and identifying economic opportunities in each market.

There are partisan political considerations, of course. Weak or unpopular deals could undermine support for the Conservatives. On the other hand, if the NDP or Liberals oppose any or all of the coming agreements, the Tories will paint them as anti-growth and jobs.

So there is much at stake, politically and economically, as the Conservatives seek to transform Canada's trading relationship with world.