

Let a thousand trade deals bloom

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In a few days, Canada and the European Union will reveal to each other proposals for eliminating trade barriers on goods and government services, a key moment in what both sides hope will become a landmark free-trade agreement.

Earlier this week, Canadian and Indian negotiators held their first real talks on a possible 2013 trade agreement. By that year, India is expected to have the world's fastest growing economy. There are also talks, or talks about talks, under way with China, Japan and Mercosur, the South American free-trade zone.

In fact, the International Trade side of Foreign Affairs is at work on more agreements today than at any time in the department's history. Canada's future wealth depends on success.

No one needs to tell you that Canada is a trading nation. Trade represents about half of this country's GDP. If Canadians had to depend on what we sell to each other, we'd starve.

Most of what we sell will always go to the United States. A recent trade report from Foreign Affairs projects that, in 2040, the U.S. will buy 75 per cent of everything Canada sells, just as it does now. Why? Because in 2040 Americans will still be relatively rich and they will still be next door. In trade, proximity and market size matter above all.

That's why the surest way to strengthen Canada's economy and increase individual wealth is to further ease trade barriers with the U.S. through this year's Beyond the Border exercise. But that doesn't

mean Canada shouldn't expand trade with the rest of the world. Quite the opposite. Future growth will depend on going beyond the U.S. as well as sticking with it.

Despite slow growth and big troubles on the periphery, the EU remains Canada's second-largest trading partner, representing about 10 per cent of our trade. Canadian and European officials say talks are on track to produce, by 2012, one of the most ambitious free-trade agreements either side has ever signed, with tariffs to be eliminated on 90 per cent of goods, plans for a temporary worker program, and even some progress on opening up the sacred-cow agriculture sector to competition.

Apparently, we would get to sell them beef and pork, while they could sell us dairy. European cheese! Calm down. Stiff-necked opposition from agricultural interests on both sides of the pond will make this a hard sell. Nonetheless, both negotiating teams are being pushed to make the deal as ambitious as possible.

Canadian trade with India could quickly increase by as much as 50 per cent, according to a joint Canada-India study, if the two countries signed even a limited deal to lower barriers. India accounts for about 1 per cent of Canada's trade, so the figure would remain a pittance. But it would be a growing pittance.

Beyond Europe and India, Foreign Affairs Minister John Baird has vowed to make improving business relations with China one of his priorities, while International Trade Minister Ed Fast wants to explore the possibility of trade talks with the Mercosur bloc, which would open up the Brazilian and Argentine markets, among others.

Much or all of this could still come a cropper. Canada's recent record in trade deals is far from stellar. Ottawa set great store by the Doha round of international talks, which crashed. Efforts to conclude agreements with Singapore and South Korea ended in failure.

Members of the Trans-Pacific Partnership negotiations rejected Canada's request to join, in part because the Harper government refused to put the question of agricultural subsidies on the table.

Domestic opposition could do in some or all of the negotiations under way – though those who know say the premiers are far more onside with the European agreement today than they've been in the past. Maybe that's because the premiers are starting to understand that everyone's job, including their own, depends on Canada's success at selling stuff to others.

So let a thousand trade deals bloom. The seeds will one day feed our children.