

Lot of work left on Canada-EU trade deal, both sides say

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By David Ljunggren

OTTAWA (Reuters) - Canada and the European Union still have plenty of work to do on a proposed free trade treaty that is supposed to be finished by the end of the year, officials from both sides said on Thursday.

Canada, keen to diversify its exports away from the United States, says a deal with the European Union would increase two-way trade by 20 percent. The talks started in 2009.

But several sensitive matters remain to be settled, including access for agricultural goods, opening up procurement markets and the extension of pharmaceutical patents.

"Our negotiators are still in regular touch with the EU negotiators. There are still a lot of discussions that have to take place," Canadian Trade Minister Ed Fast told Reuters by telephone.

"There is a small basket of issues left and as in any negotiations, they are the toughest ones to resolve. I am certainly committed to negotiating around or through those."

EU Trade Commissioner Karel De Gucht this week said he would meet Fast in Brussels on November 20 to work on the most challenging issues. Fast said he had not made travel plans yet.

Maurizio Cellini, head of the economic and trade section at the EU's delegation in Canada, said the two sides were working relentlessly to wrap up their work by the end of 2012.

"Nevertheless, although we have achieved good results, to reach a truly ambitious agreement that reflects our relationship we both need to do more," he said in a speech in Ottawa.

Cellini said the 27-member bloc was particularly keen on opening up Canada's provincial and municipal procurement market, which has some restrictions. Canadian critics worry this could lead to foreign domination of the market.

Asked about these concerns, Fast said opening up the C\$2.4 billion (\$2.4 billion) EU procurement market should be one of Canada's key interests.

"There are some in Canada that take a very inward-looking approach to Canada's ability to compete. Our government rejects that view -- we believe that Canadians are capable, they are competent," said Fast.

De Gucht told Belgium's online VIEWS news agency this week that he would do his best to get the talks finished by the end of the year. "We should have no illusions, there are still a number of difficult issues to tackle so I am not promising anything," he said.

For Canada, the EU pact would be the biggest since it signed the landmark North American Free Trade Agreement with the United States and Mexico in 1994.

The United States is by far Canada's most important trading partner and takes around 75 percent of all Canadian exports. The EU takes just over 10 percent.