

# PM and Merkel to talk trade and economy during Harrington Lake dinner

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**By Mike Blanchfield**

OTTAWA — Expect German Chancellor Angela Merkel to steer clear of enthusiastic endorsements of Canada's free trade pact with the European Union when she meets Prime Minister Stephen Harper this week, say German officials.

That's because the negotiations for the coveted deal are about to enter a final, contentious round, and the cautious, calculating German leader is not about to risk compromising progress with ill-timed public pronouncements.

"I think Angela Merkel would be wise not to make ... any direct statements," said a senior German official, speaking on condition of anonymity. "She's always prepared. She's a physicist. She's always very careful."

Make no mistake, Germany wants Canada to strike a deal — one Canada estimates could boost its economy by \$12 billion annually — with its wealthy 27-country trading bloc.

"We are very much interested in having success. We are in sort of an endgame," the German official said. "Our interest is big."

Harper wants a deal struck by the end of the year. He said this week that the EU trade talks were progressing well, and he made it clear that it will be a topic of discussion when he hosts Merkel for two days starting Wednesday night.

Obstacles to a final text remain — on agriculture, intellectual property and pharmaceutical patents.

The other irritant that hovers over Merkel's visit is Canada's refusal to contribute to a global bailout package through the International Monetary Fund.

But both leaders share the view that austerity — not more government spending — is essential to the recovery of the world economy.

“There are a few little things and maybe a few elephants in the room like the contribution or non-contribution of the Canadian side to the IMF funds for Europe, but these are not crisis problems,” said the German official.

“If it comes up it will not a discussion point that consumes too much time.”

Harper's chief spokesman Andrew MacDougall said Canada's position has not changed, and the Germans know that.

“It's certainly clear what Canada's position is on that: Europe has the resources to deal with its problems there,” said MacDougall.

Harper and Merkel meet regularly at world events and have grown to genuinely like and respect each other, officials say.

The German chancellor's private dinner Wednesday night at the prime minister's Harrington Lake retreat in Gatineau, Que. will undoubtedly cement that relationship further.

That rare event will be followed by a more formal meeting Thursday morning in Harper's Parliament Hill office, with a full military honour guard welcome.

It will be Merkel's first bilateral visit to Canada, one that the German side sees as long overdue. She visited Canada two years ago for the G8 and G20 summits in Toronto and Ontario's Muskoka region.

Since then, the political landscape has shifted dramatically, leaving

both Merkel and Harper as the two ranking leaders in the G8, with the added credentials of having guided their respective countries through months of economic upheaval.

“Whether it has been at summits or international meetings, the prime minister has always valued the chancellor’s view on matters,” said MacDougall.

“And I think the reverse is true as well. These are two leaders who have been through it ... and have some insights to share.”

Merkel may be the most powerful leader in Europe, but having just finished her summer holiday, she faces a tough year, including a fight for re-election in late 2013. That because Germany’s financial support of its faltering EU partners — Greece in particular — has sown deep resentment among its electorate.

Harper will be keen for an update on Europe’s woes, and the two will have a rare, uninterrupted session at Harrington Lake that is set for two hours but could go longer. There will be no aides, no agenda, just a free-flowing discussion.

“This is a different setting without the usual time pressure of having another meeting,” said the German official.

That is, until Thursday morning, when they sit down in Harper’s Parliament Hill office with their officials and agenda books.

Merkel heads directly back to Germany on Thursday with a late afternoon stop in Halifax. She’ll take part in the signing of a memorandum of understanding on ocean research between the Halifax Marine Research Institute and the Helmholtz Institute.