

# Reaching out to Europe



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Last month, a rare initiative in Canadian trade policy was provided, not by Ottawa but by a provincial premier. At the World Economic Forum in Davos, Quebec Premier Jean Charest, following meetings with the European Union's trade commissioner and Germany's minister of the economy, urged that Canada negotiate with Brussels a transatlantic or Canada-EU free-trade and investment agreement.

The Premier's initiative is especially timely in light of the fact that, for the past several years, Canada, hampered by its self-imposed agricultural protectionism, has had no visible trade policy other than to pay lip service to the terminally ill Doha round of the World Trade Organization. Canada has been deplorably laggard in seeking enhancement of trade and investment opportunities with India, China and Brazil in particular. In the case of the EU, Mr. Charest's initiative is a welcome response to an opening provided by German Chancellor Angela Merkel to expand transatlantic trade and investment, pending any revival in the distant future of global trade talks.

Indeed, an open-ended transatlantic or a Canada-EU free-trade agreement, added to the existing Mexico-EU agreement, could offset the damage to traditional transatlantic collaboration that has arisen over Middle East policy differences, especially over Iraq.

Early negotiation could be based on a recognition that international trade talks have hitherto been predicated on the increasingly anachronistic assumption that one size fits all. But the current broad and diverse membership of the WTO can no longer be squeezed into the same box of global trade rules, especially when remaining obstacles to liberalized trade are mainly domestic regulations rather than old-style tariffs at borders.

This "WTO plus" approach is the answer to those who contend that no ship must move faster than the convoy. At a time when advanced economies need new rules in complex policy areas such as services, investment, competition policy and other domestic regulation, taxation, and the environment, many developing countries are finding it difficult to live up to the commitment that they have already made in the WTO. There remain some issues, such as agricultural subsidies, that can only be negotiated usefully among all WTO members, but agriculture should not — and cannot — be exploited as a pretext for arresting progress in other major trade disciplines in a fast globalizing economy.

In fact, a multi-speed approach, as a transatlantic or Canada-EU agreement would represent, may be just what is needed to inject new life into the global system as a whole. But all such bilateral or regional agreements should be left open-ended, open to any other countries ready to accept their rules.

Throughout the Atlantic region, the transatlantic relationship is perceived, if only intuitively, as a cornerstone — and a foreshadowing — of relations in the broader global order. We are a set of countries that must ultimately stand together, must work together, and must continually reinforce our shared global interests. To the extent that technological change is altering the foundation of our postwar relationship and creating the potential for friction, we need to rediscover the ties that bind. It is not that deeper transatlantic cooperation is an alternative to broader global co-operation; it is, rather, that a strong North Atlantic architecture is central to our ability to manage and advance a larger global agenda.

John Kennedy once famously said of the Canada-U.S. relationship that "geography has made us neighbours. History has made us friends. Economics has made us partners. And necessity has made us allies." As Mr. Charest has recognized, the same holds true for all the countries that share the North Atlantic. If we in North America and in Europe can find the will to progress in our relationship, it will be good news, not just for the Atlantic community but for the world.

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