

Ont., Que. concerns holding up EU trade talks, roundtable says

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PARIS — Canada's ability to boost its economy with an "ambitious" free-trade agreement with Europe is being stymied due to disagreements on the extent to which governments should open up procurement contracts to foreign bidders, says a business lobby group.

A divergent approach between foot-dragging Ontario and Quebec against the more aggressive West is expected to be a source of conflict behind closed doors in Brussels next week as about 100 federal and provincial negotiators cross swords with their European Union counterparts.

Outside those doors negotiators will have to contend with demonstrating Canadian and European groups that argue the deal is a threat to the environment and will limit the ability of governments to use tax dollars to create local jobs.

A Canada-EU deal, expected to be completed later this year, "will dramatically boost Europe's involvement in the Canadian tarsands — the most destructive project on Earth," stated a coalition of British groups that demonstrated Friday outside the London office of British Trade Minister Stephen Green.

The four western Canadian provinces are ready to open the door to major European Union corporations seeking government contracts for goods and services, said Jason Langrish, executive director of the Canada Europe Roundtable for Business.

Canada's willingness to negotiate procurement was the key concession that led the EU, which represents 27 countries with a total population of just under a half-a-billion people, to agree to negotiate a far-reaching deal with Canada in 2009.

The Canada-Europe trade deal is expected to reduce tariff and non-tariff barriers to trade in goods and services, as well as deal with contentious issues such as intellectual property rights.

Several studies have predicted a sharp increase in trade if the deal, first championed by Quebec Premier Jean Charest, is sufficiently far-reaching.

Hugo D'Amours, Charest's spokesman, said in a statement "we want to have an agreement as large and open as possible.

"The negotiations are well advanced and at this point we are not surprised that there is some issues . . . We are confident that the negotiations will be successful and that we will all reach an agreement."

But Ontario and Quebec are dragging their heels on the crucial procurement issue, according to Langrish. Ontario is reluctant to make an aggressive offer involving municipalities, while Quebec's concerns include giving European countries the right to compete for Hydro-Quebec contracts.

"The western provinces have brought a higher degree of ambition into negotiations than their counterparts. This reflects the composition and openness of the western economies, and the degree to which they are committed to growth abroad," Langrish told Postmedia News in an email.

Ontario and Quebec "have yet to show the same level of ambition, even though they will be by far the largest beneficiaries of the agreement.

Ontario Trade Minister Sandra Pupatello was unavailable to comment.

"I can tell you that Ontario is an active participant at the talks and determined to protect the interests of Ontarians in all sectors of our economy," said spokesman Tim Weber.

"Politics" is behind the east-west difference in approach to the Comprehensive Economic and Trade Agreement, or CETA, according to Langrish.

"Quebec and Ontario have older, more established economies with entrenched interests that are politically active and are resisting some of the reforms put forth in the CETA," he told Postmedia.

"In an Ontario election year, and with Charest with his challenges in Quebec, it can make it more difficult to move forward.

"Also, the Canadian manufacturing sector is based in Central Canada and has taken a big hit over the years. So some components, notably on the union side, are opposing the CETA.

"We feel the problem is not the CETA but the fact that manufacturing has become uncompetitive. These trade agreements are precisely what they require to become more competitive, not being further sheltered."

The four western provinces are ready to open the door to EU bidding for not only provincial government contracts but also for Crown corporations, utilities and goods and services contracts in the so-called MASH sector — municipalities, academic institutions, school boards and health.

However, various limits and thresholds are expected to be established by both sides.

Europe, for instance has said it can't agree to open contracts for transatlantic bidding below \$8.5 million for construction projects, \$300,000-\$400,000 for government goods and services, and \$600,000-\$700,000 for Crown corporations, utilities and other government entities.