

EU had no interest in free trade with Canada when first approached, leaked cable says

JORDAN PRESS (feat. COLIN ROBERTSON)

Calgary Herald
August 30, 2011

The European Union had no interest in negotiating a free trade agreement with Canada nine years ago, despite heavy lobbying from the federal government, according to a newly leaked diplomatic cable.

That cable from the U.S. embassy in Ottawa and posted on the whistleblower website WikiLeaks, says the EU did not see any sound economic argument for the two parties to enter into a free trade agreement.

"The European Commission did not see an economic/commercial case for a full-fledged FTA, and did not want to risk detracting from multilateral negotiations," then U.S. ambassador Paul Cellucci wrote in the leaked cable.

"There was some difference of opinion regarding the value of a FTA among EU member states. . . . The EU Trade Policy Body, however, remained unified in their position against a FTA."

Instead, the government and EU decided on a trade agreement a step below free trade, which was put on permanent hiatus in 2006.

Now, eight years after the EU's initial trepidation, officials from Europe and the federal government are on the verge of hammering out the last remaining details of a free trade agreement.

The difference in eight years? In 2003, the EU was in the midst of incorporating eastern European states into its organization and working on smaller trade agreements, said former diplomat Colin Robertson, a fellow at the Norman Patterson School of International Affairs at Carleton University in Ottawa.

"At that point, we're just not on their scope," he said.

Now, he said, the EU and other governments around the world are seeing Canada as a valuable trading partner because of our abundance of natural resources.

The push for a free trade deal is also part of a belief that the international, so-called Doha Round of World Trade Organization negotiations, which began in 2001, have largely failed, said Debra Steger, an international trade expert from the University of Ottawa.

What the EU and Canada are close to signing is a unique trade deal, Steger said, that is much different than what was first proposed nine years ago.

"It looks like it will a far-reaching, new-generation trade and economic agreement," she said.

In December 2002, the then Jean Chretien government announced it was launching talks with the EU to land a "trade and investment enhancement agreement." The agreement was designed to "move beyond traditional market access issues," according to the Department of Foreign Affairs website, but was not a full-fledged free trade deal.

The WikiLeaks cable said that the distinction was meaningful because the trade and investment agreement would not address "core trade issues."

Negotiations began in 2004, but were put on hiatus in 2006 while the two governments participated in trade negotiations among WTO member states.

The EU and Canada officially launched free trade talks in 2009. Originally, the EU said negotiations were on track to be completed in 2011. After the most recent round of negotiations, the two sides said negotiations were track to be completed in 2012.

The ninth round of negotiations will take place in Ottawa in October.

"We're getting down to the tough stuff — it's intellectual property, it's agricultural," Robertson said.

The EU is the biggest free trade partner the Conservatives have pursued since 2006. A deal with the EU would be the largest agreement since Canada signed the North American Free Trade Agreement.

A Canada-EU joint economic study, released in October 2008, said that a free trade agreement could mean a boost to the Canadian economy of nearly \$12 billion a year within seven years. That same study pegged the financial impact to the EU at almost \$16 billion a year within seven years.