

# Canada starts free trade talks with EU

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PRAGUE, CZECH REPUBLIC – Canada and the European Union have formally launched negotiations toward a free trade agreement.

Prime Minister Stephen Harper, European Union President Mirek Topolanek and European Commission President Jose Manuel Barroso announced the move today after meeting in Prague.

Harper says Canada is moving toward an economic partnership agreement with the EU at a time when many other countries are placing protectionist walls around their trading relationships.

The Prime Minister estimates a trade agreement with the EU could give a \$12 billion shot in the arm to Canada's economy.

Harper also announced agreements today with the EU on air safety and air transport that could result in lower prices for travel between Canada and Europe.

The aviation deal is the EU's most far-reaching and open aviation pact with a trade partner and is meant to spur trans-Atlantic trade and competition. Under the deal, airlines based in the 27-nation bloc will be able to fly directly to Canada, and Canadian carriers would have similar access rights to points in Europe.

Harper's visit to the Czech Republic has been overshadowed by an EU decision to ban seal products, which would have a dramatic impact on Canada's seal hunt.

International Trade Minister Stockwell Day has vowed to fight the proposed ban at the World Trade Organization, should it become law as expected at the end of June.

The EU ban, expected to take effect in October, will apply to all products and processed goods derived from seals, including their skins – which are used to make fur coats, bags and adorn clothing – as well as meat, oil blubber, organs and seal oil, which is used in some omega-3 pills.

Canada's East Coast seal hunt is the largest in the world, killing an average of 300,000 harp seals annually. One-third of the world's trade in seal products passes through EU countries. Last year, Canada exported seal products – pelts, meat and oils – worth around euro3.5 million (\$5.5 million) to the EU.

In the aviation deal, restrictions on routes, prices and the number of flights between the two sides will be removed and limits on investment and foreign ownership in airlines would also be phased out, which eventually could lead to European investors setting up airline operations in Canada.