

# **Canada-EU trade pact to be discussed at summit**

**Economy would gain at least \$15B: report**

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Published: Saturday, September 20, 2008

PARIS - Canada could reap at least a \$15-billion annual windfall by striking a free-trade deal with the European Union, according to an executive summary of a draft internal Canada-EU joint study obtained yesterday by Canwest News Service.

The analysis is being prepared in advance of the annual Canada-EU summit in Montreal next month, where French President Nicolas Sarkozy, who holds the EU's rotating presidency, is expected to announce Europe's willingness to begin formal talks in 2009.

Full-scale negotiations would have to wait, however, until EU officials complete a "scoping" exercise to determine which sensitive areas of trade are open for negotiation.

"Overall results indicate that liberalization of trade in goods and services will bring benefits to the EU and to Canada," concludes a draft copy of the report's executive summary, dated July 29, 2008.

The estimated \$15-billion gain for Canada and \$21-billion boost for Europe "should be interpreted as a lower bound to the potential gains from an EU-Canada agreement," the report said.

Negotiators will try to bring down non-tariff barriers, end discriminatory investment rules, improve harmony in the complex product regulatory area, and boost labour mobility.

"My understanding is that they are looking for something really substantial," said Brussels-based trade analyst Fredrik Erixon.

The draft report doesn't, however, contemplate Canada-EU negotiations on agriculture subsidies.

Canadian, French and EU officials declined to comment yesterday.

Mr. Sarkozy, EU Commission president Jose Manuel Barros, and Stephen Harper -- if he's re-elected prime minister -- are scheduled to gather at the summit in Montreal on Oct. 17.

Quebec Premier Jean Charest has been aggressive in pushing for a Canada-Europe deal. Closer Canada-EU economic ties could also lessen Canada's dependency on the troubled U.S. economy, Mr. Charest has said.

Mr. Harper has provided mostly low-profile support for the initiative, even though he agreed with German Chancellor Angela Merkel at the Canada-EU summit last year to launch the highly-secretive study process.

Mr. Charest told the magazine Policy Options earlier this year that Europe sees Canada as an entry into the lucrative North American economy, while former Canadian foreign minister David Emerson has noted Europe -- fearful of dependence on Russia -- is attracted to Canada's energy wealth.