

# Declining Canadian investment in EU is worrying, French envoy says

Mike Blanchfield, The Canadian Press  
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OTTAWA -- The newly arrived French ambassador says the level of Canadian investment in Europe is falling and that this worrying trend needs to be reversed.

Nicolas Chapuis, who took up his post in Ottawa last month, said one of his top priorities is attracting more investment from Canadian companies, which he said has been trending downwards in France and throughout Europe in recent years.

Chapuis told The Canadian Press that Canadian companies are looking elsewhere, to India, China and Latin America at the expense of Europe, and that needs to change.

Chapuis said the comprehensive Canada-Europe free trade deal, which is now being finalized, will open up new investment opportunities for Canadian companies, particularly in the area of renewable energy.

The ambassador also played down concerns that the trade deal, known as CETA, might be derailed by recent concerns in Germany and France over the investment-state dispute settlement mechanism. He said the mechanism will be further enhanced in the coming months as lawyers from Canada and Europe conduct their "scrubbing" of the final text, that should lead to full ratification of the deal.

"There's no reopening with Canada in any way," Chapuis said during a wide-ranging interview in his office at the French embassy this week.

Canada's direct investment in the EU stood at 28 per cent of its overall foreign investment when the two parties signed their

agreement in principle on CETA in October 2013.

In the post-NAFTA era, Canadian firms have taken their eye off Europe, Chapuis said.

"For the last 20 years, we are seeing a reversal, a shift of investment flows that flow now to the emerging countries -- India, China, Latin America, more and more," he said.

"In the best of worlds, the total level of investment would grow and there should be no reduction, no choice made against Europe. But there is."

He said Montreal's SNC-Lavalin (TSX:SNC) has partnered with Chinese investors in the sale of the Toulouse-Blagnac airport in France's south.

Also this week, Quebec's Caisse de depot announced an \$850-million investment in the Eurostar high-speed rail network. The deal gives Caisse a 30 per cent stake in Eurostar, which provides high-speed train service between London and Europe. France's national railway will continue to hold a 55 per cent controlling share.

Chapuis said Canadian companies can also find opportunities in new green technologies and "smart transport . . . where we already have partnerships with Canada, and we can grow the level of investment." The political ties between Canada and Europe, as well as bilaterally with France, remain strong, but declining investment can have consequences, he said.

"You will have a political discourse, which says how we are friends, allies, how we are in solidarity, with an economic link which is weakening," Chapuis added.

"It's like in a couple -- you say I love you, I love you, I love you, but the proof of love is not there."