

Harper, Sarkozy vow to work toward Canada-EU deal

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France's President Nicolas Sarkozy, second from right, speaks with Canada's Governor General Michaëlle Jean, left, Prime Minister Stephen Harper, second from left, and European Commission President Jose Manuel Barroso before the start of a meeting at the Citadelle in Quebec City on Friday. (Chris Wattie/Reuters)

Prime Minister Stephen Harper has vowed to work toward a comprehensive economic agreement with the European Union, saying countries must avoid the tendency to "turn inward and erect barriers" in this time of economic turmoil.

Harper made the comment at a news conference in Quebec City Friday afternoon after meeting with Nicolas Sarkozy, French president and current head of the EU, and Jose Manuel Barroso, the head of the European Commission.

"Without question, these times call for closer economic co-operation among key players in the global economy," Harper said.

"Among other things, this means rejecting the frequent tendency in difficult times to turn inward and erect barriers between our economies and our citizens," he said. "Indeed, we must stand against protectionism and work to lower and eliminate barriers."

Harper said the European Union and Canada have completed an economic study and agreed to begin working on negotiating an "ambitious" and "truly historic" economic partnership.

No details were revealed but Harper said talks on the partnership will begin as early as possible next year.

In the next few weeks, Canadian negotiators will also hammer out an air services agreement with the EU.

"This will offer new possibilities to our business communities and new transfers to our various markets," Harper said.

Barroso called the talks "fruitful" and said an opening of aviation markets will bring more than 1,000 direct jobs in the first year and up to 3.5 million extra passengers each year in the medium term.

He said increasing European investment possibilities in Canadian airlines will be an important step.

'Pressing need' to work together

Harper reiterated that the fundamentals of Canada's economic and banking system are sound.

"We are, nonetheless, part of an interdependent global economy that is facing a slowdown," he added. "Thus, there is a pressing need for us to work together."

Sarkozy, meanwhile, was asked at the news conference about financial upsets at home, where a mutual savings bank revealed it had lost 600 million Euros in a trading incident last week. The French finance minister has called for a special audit of all French banks.

The president called the incident unacceptable and said it shows "lack of consequence, lack of responsibility-taking."

The three leaders met behind closed doors to discuss the world's financial markets and are in Quebec City for the Francophonie summit.

Leaders of nearly 70 French-speaking nations are expected to attend the summit, including Belgium, Switzerland and a number of African countries.

Sarkozy's visit cut short

The French president was initially expected to stay for the duration of the three-day Francophonie summit but cut his trip short to visit U.S. President George W. Bush at Camp David on Saturday to talk about the economy.

Sarkozy dismissed concerns about his shortened trip and said many advised him to stick around Europe. "I said 'No no no, it's far too important. We need Canada.'"

He also expounded on France's history with Canada, calling Quebecers part of "our family" and the rest of Canada "our allies and our friends."

Meeting with the European Union leaders to discuss the economic crisis and strengthen trade relations was part of Harper's six-point economic plan laid out the day after his re-election on Tuesday.

Harper has vowed to ensure Canadian banks are not put at a disadvantage by the United States and European countries pumping money into financial institutions to help stem further economic downturn.

Sarkozy also made a speech Friday in Quebec's national assembly, a first for a French president in the provincial legislature.

Sarkozy's wife, singer and former model Carla Bruni-Sarkozy, is not accompanying him on the trip.