

Canada free to talk trade with the E.U.

Alia McMullen, Financial Post Published: Thursday, March 05, 2009

The way is clear for Canada to begin formal trade negotiations with the European Union after the two parties agreed Thursday that closer ties in areas such as goods and services would be mutually beneficial to their economies.

Following months of scoping exercises, Canada and the EU outlined 14 areas in which they were prepared to negotiate freer access to in order to reach a "comprehensive economic agreement," Stockwell Day, Canada's federal trade minister, said. With the parameters set, the parties can now prepare their respective proposals to take to the table when official negotiations begin.

An official start date is yet to be set, but may not be far off. Mr. Day said the negotiations were a "priority" for the government and that Canada was "in a position to launch comprehensive negotiations as early as possible."

"As our second-largest trading partner, the Canada-EU relationship holds great potential," Mr. Day said. "During times of economic uncertainty, it is even more important for Canadians to seek out new trade and investment opportunities abroad."

A previously released Canada-EU joint economic study estimated that an economic agreement with the EU, which is Canada's second biggest export market after the United States, could boost the Canadian economy by \$12-billion and increase bilateral trade by more than 20%. The Minister's office said Canadian merchandise exports to the EU rose by 3.5% in 2008 to \$36.1-billion, while two-way merchandise trade jumped 7% from the previous year to \$90.1-billion.

Mr. Day said the federal government would work closely with the provinces and territories in the development of Canada's trade proposal.

In addition to negotiations on the trade of goods and services, the two parties also agreed to look into the areas of investment, trade facilitation, customs regulation, technical barriers to trade, competition policy, and sustainable development.

Canada and the EU began scoping exercises to establish what areas could be negotiated on Oct. 17, 2008, in Quebec City, followed by meetings in December and January, and released the findings of their scoping study Thursday.

"The study shows potential for improvement in a wide variety areas ranging from labour mobility, including temporary entry for business persons, environment, regulatory cooperation and science and technology," it said.

The economic relationship between Canada and the European Union is currently overseen by a cooperative framework established in 1976, which was the EU's first such arrangement with an industrialized country. However, the report noted that no single, broad-based and binding agreement exists to address the EU-Canada economic relationship as a whole.

