



News Release

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CANADA AND EUROPEAN UNION BEGIN NEGOTIATIONS ON A TRADE AND INVESTMENT ENHANCEMENT AGREEMENT

International Trade Minister Jim Peterson today announced that Canada and the European Union have begun to negotiate a trade and investment enhancement agreement (TIEA) in Brussels. The first round of talks is scheduled to continue tomorrow.

“These negotiations can help propel transatlantic commercial relations to the next level,” said Minister Peterson. “We will help our industries and communities prosper by working to remove the hurdles they face. This will benefit all of Canada.”

The TIEA will move beyond bilateral market access considerations, anticipating future challenges, such as the need for greater cooperation on regulatory issues. Other issues identified in the TIEA framework, which was endorsed by Canada and the EU in March 2004, include investment, trade facilitation, government procurement and services.

In combination with the outcome of the ongoing multilateral negotiations at the World Trade Organization, the TIEA will improve Canadian access to European markets and bring considerable economic benefits to our companies and consumers.

Enhancing and invigorating Canada’s trading relationships with its established partners, such as the 25 countries in the EU, is one of the focal points of the recently released *Canada’s International Policy Statement*, with the TIEA being an important element of this strategy.

The EU is the world’s largest single market and Canada’s second-largest trading partner. The agreed TIEA framework can be found at <http://www.dfait-maeci.gc.ca/tna-nac/rb/tiea-en.asp>

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Backgrounder

CANADA-EU TRADE AND INVESTMENT ENHANCEMENT AGREEMENT

At the December 2002 Canada-EU Summit, leaders committed to designing a new type of forward-looking bilateral trade and investment enhancement agreement (TIEA).

In the spring of 2003, the Minister of International Trade initiated consultations on the future of Canada-EU trade and investment relations. Discussions were held with Canadians, the provinces and territories, business groups and other interested stakeholders. One year later, at the March 2004 Canada-EU Summit, leaders endorsed the TIEA framework outlining issue areas to be negotiated.

The TIEA, in combination with the anticipated results of the Doha Development Agenda in the World Trade Organization, would go beyond a classic free trade agreement based on the elimination of tariffs. This new agreement is intended to address so-called “new generation” trade issues, which could encompass such issues as regulatory cooperation, investment and trade facilitation as well as other non-tariff trade barriers.

Formal negotiations would not conclude before the results of the WTO Doha Round are known, as the successful conclusion of the latter is of central importance to Canada in reducing EU barriers.

Negotiations will be largely based on the following issue areas included in the TIEA framework:

- Regulatory cooperation
- Services—domestic regulation
- Mutual recognition of professional qualifications
- Temporary entry
- Financial services
- E-commerce
- Government procurement
- Trade facilitation
- Investment
- Competition
- Sustainable development
- Intellectual property rights
- Science and technology cooperation
- Small and medium-sized enterprises

- Civil society consultations
- Dispute settlement and institutional arrangements

Trade

- The EU is Canada's second most important trade and investment partner after the U.S.
- In 2004, goods and services trade between Canada and the EU reached more than \$86.7 billion.
- Canadian exports of goods to the EU amounted to \$27.1 billion, and imports totalled \$36.3 billion in 2004. Canada exported \$11.2 billion worth of services to the EU and imported \$12 billion.

Investment

- Canada's stock of foreign direct investment in the EU was \$108.8 billion in 2003 (25 percent of the Canadian total).
- That same year, the EU's stock of direct investment in Canada stood at \$96.8 billion, representing 27 percent of all foreign direct investment in Canada.