

EU-Canada: Green light for the Commission to negotiate new free trade and economic agreement - Brussels 27 April 2009

EU Member States have adopted a negotiating mandate for a new economic and free trade agreement between the EU and Canada. This agreement would go beyond current WTO commitments and reinforce the already strong bilateral trade and investment relationship. In 2008, trade in goods and services between the EU and Canada exceeded EUR 70 billion and the total stock of investment stood at over EUR 260 billion. Negotiations, which will be led by the European Commission, are expected to be launched at the EU-Canada Summit on 6 May in Prague.

EU Trade Commissioner Catherine Ashton welcomed the mandate: "The decision today sends a signal that the European Union remains committed to trade and open markets at a time of economic crisis and rising protectionist sentiment. An EU-Canada agreement will be good news for companies and consumers on both sides of the Atlantic."

At their 2007 Summit, EU and Canada agreed to undertake a joint study to assess the benefits of closer economic partnership. The study, which was reviewed at the October 2008 EU-Canada Summit, demonstrated that both partners would gain from a further strengthening of the bilateral economic relationship. The study estimated that gains for the EU would amount to some EUR 11.6 billion annually, around half from services liberalisation. Further gains for the EU would result from removal of tariffs (25%) and the reduction of non-tariff barriers (25%). Canada's gains would amount to some EUR 8.2 billion annually.

The EU and Canada have a wide-ranging and well-functioning economic relationship, currently based on a 1976 Framework Agreement for Commercial and Economic Cooperation, together with a number of subsequently negotiated sectoral agreements, including the recently-negotiated Air Transport Agreement.

Background

Trade in goods between the EU and Canada is worth EUR 49.8 billion (2008 figures), with trade in services worth EUR 21.2 billion (2007). The EU's main exports to Canada are machinery and equipment, chemicals, motor vehicles and parts, transport equipment, petroleum, beverages and processed foods. Canada's principal exports to the EU are chemicals, transport equipment, metals, minerals, machinery, paper products and processed foods. The investment relationship is also strong, with the EU holding stocks of some EUR 160 billion in Canada and Canadian FDI stocks of EUR 108 billion in Europe.