

Regarding enlargement of the European Union, negotiations are under way with Poland, Hungary, the Czech Republic, Slovenia, Estonia, Cyprus, Latvia, Lithuania, the Slovak Republic, Malta, Bulgaria and Romania. Turkey is also an official candidate for membership, although negotiations with it will begin only after the EU's political criteria have been met. While reluctant to establish a precise date, member states agreed at the December 2000 Nice Summit that they hoped that those candidates deemed ready to join by the end of 2002 will be able to do so before the next European Parliamentary elections, which are scheduled for 2004. The EU is also negotiating regional free trade agreements with other parts of the world; in recent years, agreements have been reached with Mexico and South Africa. Some 70 developing countries that are signatories to the Lomé Convention already enjoy preferential access to the European Union. The EU intends to convert these arrangements to free trade agreements in time. Economic ties with Switzerland, with which it has a free trade agreement, have also been deepened through a series of bilateral agreements. In addition, the European Union is engaged in negotiations with the Mercosur countries and Chile. Canada is one of only eight economies worldwide that does not have some form of preferential trading relationship with the European Union.

Canada-EU Trade Relations

A number of bilateral instruments are in place to help manage Canada-EU trade relations. The 1976 Framework Agreement for Commercial and Economic Cooperation established the Joint Cooperation Committee, which meets annually at the senior officials level. The 1996 Joint Political Declaration on Canada-EU Relations and the *Canada-EU Action Plan* (www.dfait-maeci.gc.ca/english/ge/europe/eu/action-e.htm) set goals for broadening Canada-EU relations, not only in the trade and economic areas, but on a broad range of foreign and domestic policy issues as well.

The EU-Canada Trade Initiative (ECTI) (www.dfait-maeci.gc.ca/english/ge/europe/EU/ECTI-Dec-2000-E.html), launched in December 1998, established a subset of objectives for market access and economic cooperation drawn from the action plan, which were considered achievable within a reasonable time frame. These objectives include: regulatory cooperation, services, government procurement, intellectual

property (IP), competition issues, cultural cooperation, business-to-business contacts, and electronic commerce. ECTI also calls for regular consultations between both parties on multilateral trade issues.

A report on progress made under ECTI is submitted to trade ministers at each twice-yearly Canada-EU Summit. The report also sets priorities for the coming period. Under ECTI, implementation of a mutual recognition agreement (MRA) on conformity assessment bodies remains a priority. Both sides will continue to encourage the mutual recognition of professional accreditation through agreements negotiated between the respective professional associations. The EU removed regulatory barriers to the import of Canadian ice wine in May 2001, and progress has been made toward agreements on wine and spirits through negotiations that were initiated in November 2001. The establishment of a dialogue between the respective business communities has been a key ECTI objective. A Canada-Europe Round Table (CERT) has been established, which brings together firms from a range of sectors that support the development of the Canada-EU economic relationship. CERT is in the process of expanding its membership base and setting itself on a sustainable financial footing. A major conference on competition policy was organized by CERT in November 2001.

ECTI has already achieved many of its objectives. In order to identify new ECTI goals, both Canada and the EU agreed to undertake separate but coordinated surveys of their respective business communities to better identify priority constraints to transatlantic trade and investment. The Canadian survey will also encompass exporters not currently active in Europe, in an effort to get a sense of the factors preventing them from seeking opportunities in that market.

The Minister for International Trade and his counterpart, the EU Commissioner for Trade meet frequently to discuss bilateral and multilateral trade questions. Canada-EU trade questions are also dealt with by officials through the Joint Cooperation Committee (JCC) and the Trade and Investment Sub-Committee (TISC), as well as in other sectoral working groups.

In October 2001, the Government tabled its response to the 25 recommendations found in the SCFAIT report entitled, "*Crossing the Atlantic: Expanding the Economic Relationship between Canada and Europe.*" The report called for the Government to attach higher priority to