

and the EU continue to work bilaterally on other ways to enhance our trade and investment relations. For example, discussions on regulatory cooperation—one of Canada's priority areas of interest in the TIEA negotiations—have continued.

European Free Trade Association

Canada's commercial ties with the EFTA states (Iceland, Liechtenstein, Norway and Switzerland) continue to grow. The EFTA states rank among the wealthiest, most innovative and sophisticated markets in the world, and offer attractive potential markets for competitive Canadian exporters. If the combined EFTA nations were treated as one, this group would place as Canada's eighth-largest merchandise export destination. In 2006, two-way merchandise trade with EFTA reached \$10.7 billion, while in 2005, two-way investment stocks were roughly \$22.2 billion.

Negotiations for a free trade agreement with the EFTA states were launched on October 9, 1998. The last negotiating session was held in Geneva from January 15 to 18, 2007. Both sides have made significant progress. As Canada's first transatlantic free trade agreement, an agreement with the EFTA countries would provide a strategic platform for expanding commercial ties with Europe. It would lock in competitive advantages in these dynamic European markets and put Canada on an equal footing with competitors who already have free trade agreements with EFTA, including Chile, Korea, Mexico and the EU.