



GOVERNMENT PROCUREMENT

Several EU member states have not yet implemented the procurement procedures required to give effect to the WTO Agreement on Government Procurement (AGP). In addition, procurement in a number of sectors of interest to Canadian suppliers remains closed. Procurement trade is low even between EU member states. Particular barriers that serve to restrict access include standards, certification, qualification and local content requirements. Canada is addressing these issues with the EU in the WTO Government Procurement Working Group and in the context of the Joint Canada – EU Action Plan and Trade Study underway to facilitate trade in goods and services to further reduce or eliminate tariff and non-tariff barriers.

TELECOMMUNICATIONS

The ABT came into effect on February 5, 1998. As of that date, the EU's internal liberalization of telecommunications services will apply to all members of the WTO. Canada will continue to monitor member state implementation of GATS obligations, particularly with respect to interconnection and the ending of telecommunications monopolies.

EUROPEAN FREE TRADE ASSOCIATION (EFTA)

Overview

In a speech to the Canada-United Kingdom Chamber of Commerce on October 23, 1997, Prime Minister Chrétien indicated that Canada would like to see a free trade agreement between Canada and the European Free Trade Association (EFTA). EFTA countries include Iceland, Norway, Liechtenstein and Switzerland. At their December 1997 meeting, EFTA Ministers welcomed Canada's proposal and the prospect of discussing an FTA with Canada.

Two-way trade between Canada and the EFTA countries is significant. In 1997, Canada's goods exports totalled \$1.174 billion and goods imports reached \$4.275 billion. Canadian exports to EFTA countries consist mainly of base metals and minerals, aircraft and vehicle parts, lumber, chemical pulp, fish

and crustaceans, agri-food products (soybeans, cereals and horse meat), electronics and telecommunications equipment. Also, EFTA countries are important sources of job-creating foreign investment in Canada.

Canada's first priority is to conclude Trade and Economic Co-operation Arrangements (TECAs) with individual EFTA countries, which will serve as foundations for discussions on possible future free trade. Minister Marchi signed a TECA with Norway on December 3, 1997, and with Switzerland on December 9, 1997. A TECA with Iceland should be concluded in early 1998. The TECAs will further enhance economic relations between Canada and the respective countries, stimulate increased cooperation in areas of mutual concern, including in multilateral fora, and encourage alliances between companies in Canada and the respective EFTA countries.

Discussions with individual EFTA countries will likely occur in the spring and early summer of 1998, under the auspices of the respective TECAs. In addition to reviewing bilateral trade and economic relations, and developments in the multilateral system, Canada intends to use these discussions to explore the scope of possible FTA negotiations. Canada will consult closely with Canadian businesses, provinces and other interested parties to determine Canadian priorities and objectives with respect to the EFTA.

RUSSIAN FEDERATION

Overview

In 1997, Canada's goods exports to the Russian Federation reached \$335.3 million; imports totalled \$621 million. Canada's services exports are estimated at \$300 million per year. The stock of direct Canadian investment in Russia exceeds \$500 million, which includes approximately \$200 million invested by Canadian mining companies in the past three years. The Government is working to improve access to this important market for Canadian traders and investors along three main tracks: the bilateral Intergovernmental Economic Commission; the negotiations on Russia's entry into the WTO, and through the negotiation of a new Foreign Investment Promotion and Protection Agreement (FIPA).