

ABSTRACT

SERIOUS CONSIDERATION OF A FREE TRADE AGREEMENT between Canada and the European Union (EU) may not be such a big step for either party. After all, Canada and the EU member nations are already functioning largely in a free trade environment and facing up to the competition existing in open markets – the former with the United States and Mexico amongst others, and the latter primarily with themselves. In this paper, we explore and measure some of the economic implications for a possible Canada-European Union Free Trade Agreement from a Canadian perspective, focussing on the impact of the elimination of tariffs. We find that Canada-EU trade has been underperforming over the 1990s, exhibiting a significant downward trend in the context of overall Canadian trade. The results of this study also find, quite clearly, that the elimination of tariffs between Canada and the EU would have positive impacts on both participants.