

RECOMMENDATION 12:

That the federal government rededicate itself to concluding a "first generation" free trade agreement with the European Free Trade Association (EFTA) as soon as possible and then enter into further negotiation so as to finalize a broader "second generation" accord by the end of December 2002.

The Canada-EFTA free trade agreement is intended to be a "first generation" trade agreement, focusing on the elimination of industrial tariffs, some liberalization for agriculture, and new cooperation in the areas of trade facilitation and competition. Since negotiations began in October 1998, agreement has been reached on most issues and there is a framework for a deal. The Government of Canada remains committed to bringing the EFTA negotiations to a successful conclusion in a manner that fully respects Canadian interests.

The scope of the Canada-EFTA negotiations do not currently include commitments in the areas of services, investment, government procurement or intellectual property — issue areas normally associated with a "second generation" agreement. Once negotiation of a "first generation" agreement has been concluded, consideration could be given to pursuing a "second generation" agreement with EFTA. The decision to proceed in this manner would need to take into account the advantages of pursuing these issue areas in either a regional (i.e. Canada-EFTA free trade agreement) or multilateral forum. Consideration might also be given to seeking labour and environmental cooperation agreements in parallel with a "second generation" agreement.