

## **Enhancing and Diversifying Canada's International Trade and Investment**

Canada is one of the most trade-dependent nations of the G8. Ensuring the vitality of Canadian businesses and communities requires open global markets and rules-based trade and investment, a goal which Canada diligently pursues through its bilateral and multilateral ties. As the world rebounds from the global economic crisis, Canada's continued economic success and ability to create growth opportunities for its businesses and communities will hinge upon its ability to diversify its international trade. Negotiating resources must continue to be focused on enhancing exchanges with major economies, in recognition of changing trade and investment patterns.

It remains important for the international community to avoid implementing new protectionist and trade-distorting measures and to roll back existing ones, as these risk dampening the global economy recovery as it slowly takes hold. Canada must continue working with its trading partners and through multilateral forums and institutions such as the G20, World Trade Organization (WTO), Organisation for Economic Co-operation and Development (OECD) and Asia-Pacific Economic Cooperation (APEC) forum, to buttress free, rules-based trade and to counter protectionism and trade-distorting practices.

For Canada, it is crucial to maintain strong, open and transparent trade and investment ties with the United States (U.S.), which represents 75 per cent of our exports and \$1.6 billion in daily two-way trade. Our two countries must work together to deepen mutually beneficial economic integration. We applaud the Shared Vision for perimeter security and economic competitiveness announced by Prime Minister Harper and President Obama, and call for: the negotiation of a permanent procurement agreement between the two countries; the development of a continental energy strategy given Canada's profile as a trusted and reliable supplier of energy to the United States; and the upgrading and amelioration of infrastructure and processes at the Canada-U.S. border to make it faster, safer and more predictable for the legitimate two-way movement of people and goods.

While it is recovering, the U.S. economy is forecast to grow more slowly in coming years. Even as the U.S. remains our foremost economic partner, Canada needs to continue actively diversifying its trade and investment by enhancing exchanges with other major economies.

The European Union (EU) is our second largest trade and investment partner after the United States. Good progress has been made in the negotiation of a Canada-EU Comprehensive Economic and Trade Agreement (CETA), projected to generate some \$40 billion in annual trade and investment gains once concluded. We must continue vigorously working to successfully conclude the negotiation of a high-quality Canada-EU CETA, and to have it ratified by the federal parliament, and provincial and territorial parliaments and assemblies, by 2012.

The Canadian government has strengthened its engagement with the Asia-Pacific region, whose economic growth and markets matter increasingly to Canadian businesses.

We welcome the launch of Canada-India Comprehensive Economic Partnership Agreement (CEPA) negotiations and call for their successful conclusion. Also, it is essential that all Canadian economic sectors, including the Information and Communications Technologies (ICT) sector, have a voice in the negotiations. We encourage the Canadian government to continue engaging with India with the aim of having the Canada-India Foreign Investment Promotion and Protection Agreement (FIPA) finally ratified in the Indian parliament.

With China, Canada has renewed leadership ties, signed MOUs on cooperation and is negotiating a FIPA. Canada and China should: continue exchanges at the highest levels of government; work together to resolve the main impediments across various sectors to mutually beneficial rules-based trade and investment between the two countries (e.g. market access barriers for goods, services and investment; trade distortions; indigenous innovation provisions; intellectual property rights enforcement; etc.); encourage more commercial investment from China in sectors other than resources that helps those sectors to grow in Canada while benefiting Chinese shareholders through high returns; and conclude a

high-quality Canada-China FIPA. All this is essential for the broadening and deepening of the Canada-China economic partnership.

We also call for the conclusion of the recently resumed Canada-Japan Joint Study and for the launch of Canada-Japan Economic Partnership Agreement (EPA) negotiations.

It is also important to achieve a balanced outcome on tariff and non-tariff barriers on trade and investment in order to conclude ongoing Canada-Korea FTA negotiations.

Recently concluded FTAs with countries such as Panama are positive achievements. The next step is to have Parliament approve completed agreements. Canada should focus its political and trade negotiating resources on future initiatives that maximize opportunities for Canadian businesses, more specifically on large, important economies and markets around the world where Canadian companies have the most to gain through greater effective market access.

The Chamber recognizes and applauds the Government's current emphasis on fiscal restraint to manage the current deficit challenges. However, the Chamber also feels that it is essential that the necessary financial and human capital be allocated to ensure that the government can proactively advance and defend Canada's international trade and investment platform, as well as conclude prospective trade and investment agreements, thereby solidifying Canada's position in the global trading arena.

### **Recommendations**

That the federal government:

1. Strengthen Canada-U.S. relations as our primary bilateral trade policy priority, including through the negotiation of a permanent procurement agreement between the two countries, the development of a continental energy strategy in light of Canada's profile as a trusted and reliable supplier of energy, and improving infrastructure and processes at the Canada-U.S. border to make it faster, safer and more predictable for the legitimate two-way movement of people and goods.
2. Work vigorously to conclude the negotiation of an ambitious and balanced Canada-E.U. CETA, and to have the final agreement ratified federally and by the provinces and territories by 2012.
3. Overcome outstanding issues for the Canada-India FIPA to be ratified in both countries, and successfully conclude Canada-India CEPA negotiations, while ensuring that a significant place be given to the every economic sector within the negotiating process in order to ensure that industry-specific problems be heard and dealt with appropriately.
4. Strengthen the Canada-China economic partnership by concluding the Canada-China FIPA, pursuing political exchanges at the highest levels of government, resolving impediments to mutually beneficial trade and investment between the two countries and encouraging commercial investment in areas other than resources to develop Canadian sectors.
5. Conclude the recently resumed Canada-Japan Joint Study and launch Canada-Japan Economic Partnership Agreement (EPA) negotiations.
6. Work toward a balanced outcome on tariff and non-tariff barriers to conclude Canada-Korea FTA negotiations
7. Implement signed FTAs and focus remaining political and negotiating resources on current and proposed negotiations that provide the greatest value to Canada.
8. Combat protectionist pressures and strengthen the principles and mechanisms of rules-based free trade and investment via bilateral ties and multilateral forums and institutions (G20, WTO, OECD, APEC).