

# Canada inks free trade deals

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DAVOS, Switzerland — Canada has successfully concluded negotiations toward a free trade agreement with Peru as the Harper government aims to widen market access for Canadian goods and services abroad at a time when fears loom about a slowdown in the U.S. economy.

International Trade Minister David Emerson made the announcement Saturday as he met with his Peruvian counterpart on the margins of the World Economic Forum in Davos, Switzerland.

“This free trade agreement with Peru will further solidify our trade and investment relationship, and open up opportunities for Canadian business in a range of sectors,” Mr. Emerson said in a statement.

In 2006, two-way trade in merchandise between Canada and Peru amounted to \$2.4-billion.

“Peru has emerged as one of the most dynamic economies in the Americas, supported by an aggressive commerce agenda and clear stance in favour of trade liberalization,” Mr. Emerson added.

The government said the deal, Canada's second in South America following an agreement with Chile, will provide greater market access in Peru for Canadian agricultural products including wheat and barley, some boneless beef cuts, paper products, and machinery and equipment.

Under the pact, Peru will immediately eliminate tariffs on 94 per cent of current Canadian exports, with the remaining tariffs to be discontinued over a five-to-10-year period. Canada will immediately stop imposing 97 per cent of its tariffs on Peruvian exports, with the rest to be erased over three to seven years.

**The minister said the agreement includes provisions of interest to Canada in sectors including mining, energy and professional services.**

**The government said Canada invested about \$2.9-billion in Peru's mining sector in 2006.**

In Ottawa, the Mining Association of Canada applauded the agreement.

“A free trade agreement between Canada and Peru will be very positive for both our countries,” association president Gordon Peeling said in a statement.

Mr. Peeling said the deal will strengthen economic ties and “further position Peru as a positive destination for investment by Canadian mining companies in resource development.”

The deal must still be approved by the House of Commons under new rules that went into effect Friday.

In the 2006 Throne Speech, Prime Minister Stephen Harper said the government would bring international treaties before Parliament so MPs could review, debate and vote on them before Canada ratifies them.

Mr. Emerson also announced Saturday the signing of a free trade agreement with the four countries of the European Free Trade Association – Iceland, Liechtenstein, Norway and Switzerland.

The free trade agreement is Canada's first with European countries, the government said. Negotiations on that pact wrapped up last June.

“This [agreement] will open up opportunities by bringing down trade barriers and by providing Canadian business a foothold in the heart of Europe,” Mr. Emerson said.

The government said the EFTA is Canada's eighth largest merchandise export destination. In 2006, two-way merchandise trade was valued at \$10.7-billion, while two-way investment reached more than \$22-billion.

Among the provisions, tariffs will be removed in all non-agricultural sectors including aluminum and cosmetics, prefabricated buildings, coldwater shrimp and apparel products. Tariffs will be ended or lowered on some Canadian agricultural and food products such as durum wheat, frozen French fries, beer and Canadian crude canola oil.

There will also be duty-free access to markets in Canada and the four European countries for most industrial goods, fish and other marine products.

Canada already has free trade agreements with the United States and Mexico and with Chile, Israel and Costa Rica.