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## Canada and India Advance Comprehensive Economic Partnership Agreement

**(No. 348 - November 17, 2009 - 2 p.m. EST)** Canada and India took the next step toward a comprehensive economic partnership agreement (CEPA), as the Honourable Stockwell Day, Minister of International Trade and Minister for the Asia-Pacific Gateway, and Shri Anand Sharma, India's Minister of Commerce and Industry, today signed papers to establish a joint study group.

The signing of this memorandum of understanding was witnessed by Prime Minister Stephen Harper and India's Prime Minister, Dr. Manmohan Singh.

"We have seen significant progress since my first visit to India in January, where we announced the initiation of discussions. India has been most supportive. The creation of this joint study group marks an important step forward in our discussions," said Minister Day.

"A comprehensive economic partnership agreement would help expand trade, open doors for Canadian exporters, encourage economic growth and create jobs in both our countries."

The joint study group will be comprised of officials from both Canada and India. It will look at key sectors of interest and the possible parameters of a CEPA.

The group is expected to finalize its report within six months. A CEPA with India could deliver commercial benefits to many sectors of the Canadian economy, including forest products, nickel, aircraft, electrical machinery, fish and seafood products and agricultural products.

The Government of Canada held public consultations from March to April 2009 to seek input from Canadians on developing a CEPA with India.

This is Minister Day's third visit to India since January. In September, the Minister opened the new trade office in Ahmedabad, in the state of Gujarat. With a total of eight trade offices in India, the Government of Canada has created one of Canada's most extensive trade networks anywhere in the world.

Canadian two-way merchandise trade with India reached an all-time high of \$4.6 billion in 2008, up 22.5 percent over 2007. Merchandise exports to India in 2008 totalled \$2.4 billion—an impressive 35-percent increase over the year before—and the commercial relationship between the two countries continues to grow. From January to August 2009 alone, Canada's exports to India were up by three percent despite the effects of the global economic downturn.

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A backgrounder follows.

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## **Backgrounder - Memorandum of Understanding to Launch a Joint Study Group to Formulate the Parameters of a Comprehensive Economic Partnership Agreement (CEPA)**

Canada and India agreed to initiate exploratory discussions toward a comprehensive economic partnership agreement (CEPA) in January 2009. The Government of Canada held initial public consultations from March to April to obtain advice and views on priorities, objectives and concerns of Canadians regarding this initiative. The next step is to begin a formal exploratory process with India through a Joint Study, which will examine key sectors of interest and the possible parameters of a comprehensive trade agreement between the two countries.

A high-quality CEPA that eliminates tariffs on most goods, opens up opportunities in services, establishes rules in investment and reduces non-tariff barriers could give Canadian exporters considerable preferential access to the large and growing Indian market, potentially ahead of other key competitors. A CEPA with India could deliver commercial benefits across many sectors of the Canadian economy including, among others, forest products, nickel, aircraft, electrical machinery, fish and seafood products and agricultural products.

The Joint Study Group, which will be comprised of officials from both Canada and India, is tasked with conducting the Joint Study. It will make recommendations, including on the potential launch of formal CEPA negotiations. The group is expected to finalize its report within six months.

Now one of the fastest-growing economies on the planet, India is projected to be the world's third-largest economy by 2050. India's growing population, rising per capita income levels, rapidly expanding manufacturing, high-technology and services sectors as well as the associated infrastructure and natural resources requirements make it a tremendous market for Canadian companies.

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