



Prime Minister of Canada
Stephen Harper

THE CANADA-KOREA FREE TRADE AGREEMENT



Prime Minister Stephen Harper and Park Geun-hye, President of the Republic of Korea, walk down the Hall of Honour in Centre Block on Parliament Hill during her state visit to Canada.

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The Government of Canada is focused on creating jobs and opportunities for Canadians in every region of the country.

Our Government has therefore launched the most ambitious trade expansion plan in Canadian history. In less than seven years, Canada has concluded free trade agreements with 38 countries and is negotiating with many more.

In these uncertain times, our prosperity depends on our ability to take advantage of economic opportunities in emerging markets. The most recent Speech from the Throne committed to expanding trade in the Asia-Pacific region to benefit hardworking Canadians and businesses, especially our crucial small and medium sized enterprises (SME) and industries across the country. The Canada-Korea Free Trade Agreement (CKFTA) delivers on that commitment.

On September 22, 2014, Prime Minister Stephen Harper and Park Geun-hye, President of the Republic of Korea, witnessed the signature of the Canada-Korea Free Trade Agreement, Canada's first free trade agreement in the Asia-Pacific region. Canadian and Korean officials are working diligently through the remaining steps toward the Agreement's entry into force so that consumers, workers and businesses in both countries can access CKFTA-related benefits and opportunities as soon as possible.

For Canada, next steps include the introduction and passage of implementing legislation, followed by regulatory updates. For Korea, next steps include review and approval by the Korean National Assembly of a ratification bill. Once these provisions are complete, Canada and Korea will exchange diplomatic notes, required for entry into force, to notify each other of the completion of their domestic procedures.

CKFTA Benefits

For over half a century, Canada and Korea have enjoyed a stable trading relationship. Today, Korea is Canada's seventh-largest merchandise trading partner and its third-largest in Asia, after China and Japan. The CKFTA will take this relationship to the next level.

The CKFTA is projected to boost Canada's annual GDP by \$1.7 billion and increase Canada's annual exports to Korea by over 30 per cent. Canadian workers in sectors across every region of the country stand to benefit from increased access. The Agreement will also provide Canadian companies with a level playing field vis-à-vis their key competitors from the United States, the European Union, Australia and other countries that have concluded a free trade agreement (FTA) with Korea, as well as provide exporters, investors and service providers with strategic access to a key gateway to the wider Asia-Pacific region.

A wide range of sectors will benefit from this Agreement, including industrial goods (e.g. chemicals and plastics, information and communications technology, aerospace, metals and minerals, etc.), agricultural and agri-food products, fish and seafood products, and forestry and value-added wood products. It will also benefit Canada's world-class services sector, strengthen opportunities and protection for two-way investment, and provide increased opportunities to access Korea's government procurement market.

Once the CKFTA is fully implemented, Korea will remove duties covering 100 per cent of non-agricultural exports and 97 per cent of current agricultural exports while Canada will eliminate duties on approximately 99.9 per cent of Korea's exports to Canada.

As average Korean tariffs are three times higher than Canada's (13.3 per cent vs. 4.3 per cent), tariff elimination will be particularly advantageous for Canadian businesses exporting to the Korean market. For Canadian consumers, the elimination of tariffs under the Agreement stands to reduce the cost of imported products and expand choices for them that are increasingly cost-competitive.

The Agreement covers all aspects of the Canada-Korea trade relationship, including trade in goods and services, investment, government procurement, intellectual property, environment and labour cooperation, and other areas of economic activity. It eliminates tariffs and reduces non-tariff measures that hinder market access for Canadian exporters and investors, bringing increased transparency and predictability to the business environment.

The CKFTA also includes provisions covering intellectual property, telecommunications services and electronic commerce, as well as substantive environment and labour provisions in dedicated chapters. It contains strong provisions to reduce or eliminate non-tariff measures that hinder market access for exporters and investors, backed up by fast and effective dispute settlement provisions.

The CKFTA will also cover all other aspects of Canada-Korean trade. It will provide enhanced market access for Canadian service suppliers in areas such as professional services, environmental services, and business services, and temporary entry commitments that are the most ambitious Korea has agreed to in any of its FTAs.

The investment provisions in the CKFTA will provide a more predictable and rules-based climate, including investor protections, which will encourage increased investment flows between Canada and Korea and expand prospects for joint ventures.

The government procurement provisions will place Canadian firms on an equal or better footing relative to their competitors in terms of access to Korea's government procurement market, which is estimated at approximately \$105 billion annually.

The text of the final agreement is available from Foreign Affairs, Trade and Development Canada (www.international.gc.ca/korea(<http://www.international.gc.ca/korea>)). Its website provides comprehensive materials on the Agreement's outcomes and benefits, including how the Agreement will benefit each province and territory.