



CANADA-KOREA FREE TRADE AGREEMENT

Creating Jobs and Opportunities
for Canadians



Appendix
Technical summary of final negotiated outcomes

APPENDIX - CANADA-KOREA FREE TRADE AGREEMENT

Technical summary of final negotiated outcomes

This document summarizes the key negotiated outcomes of the Canada-Korea Free Trade Agreement as announced on March 11, 2014, in Seoul.

The outcomes are categorized in the following seven sections:

1. Non-agricultural goods
2. Agricultural and agri-food products
3. Services and investment
4. Government procurement
5. Intellectual property
6. Dispute settlement and institutional provisions
7. Environment and labour

Non-agricultural goods

General tariff elimination

The Canada-Korea Free Trade Agreement will eliminate duties on all non-agricultural goods: 10,307 tariff lines, including industrial goods, fish and seafood products, and forestry and value-added wood products.

South Korean tariff elimination

- 90.2 percent of non-agricultural tariff lines set at 0 percent on entry into force – transition periods of three, five, seven, 10, 11, 12 years on certain goods;
- fish and seafood: duties on 70 percent of tariff lines will be eliminated within the first five years – 100 percent of tariff lines will be duty-free within 12 years;
- forestry and value-added wood products: duties on 85 percent of tariff lines will be eliminated within the first five years – 100 percent of tariff lines will be duty-free within 10 years.

Canadian tariff elimination

- 81.5 percent of non-agricultural tariff lines set at 0 percent on entry into force – transition periods of three, five, 10 and 11 years on certain goods;
- fish and seafood: duties on 77.2 percent of tariff lines will be eliminated within the first five years – 100 percent of tariff lines will be duty free within three years;
- wood and forestry: duties on all tariff lines will be eliminated upon entry into force.

Industrial goods

South Korean tariff elimination

Upon the Agreement's entry into force, 95.7 percent of tariff lines for industrial goods will be duty-free. A further 4.2 percent of tariff lines will become duty-free within five years, while the remaining 0.1 percent will be duty-free within 10 years.

Products of interest to Canada that will receive immediate duty-free access include:

- aerospace: turbo propellers, turbo-jet parts, ground-flying training equipment – current duties of up to 8 percent;
- hides, skins, leathers: leather clothing, tanned or dressed fur skins – current duties range from 3 to 16 percent;
- information communications technology: certain cameras, transmission apparatus parts, electric conductors – current duties of up to 13 percent;
- iron and steel: certain ferro-alloys, alloy powders – current duties of up to 8 percent;
- nickel: unwrought nickel, nickel powders – current duties of up to 8 percent.

A majority of tariffs on the following products of interest to Canada will be eliminated upon the Agreement's entry into force; remaining tariffs will be eliminated within three or five years:

- chemicals (94 percent of tariff lines immediately duty-free): ethylene glycol, germanium oxides, carbides, catalysts – current duties of up to 8 percent;
- aluminum (98.4 percent of tariff lines immediately duty-free): unwrought and unalloyed aluminum, aluminum alloys – current duties of up to 8 percent;
- mineral products (94.2 percent of tariff lines immediately duty-free): peat, mica powder, slag – current duties of up to 8 percent;
- pharmaceuticals (63 percent of tariff lines immediately duty-free): antibiotics, other medicines, anti-tuberculosis medications – current duties of up to 8 percent;
- plastics (91.5 percent of tariff lines immediately duty-free): ethylene polymers, polyamides, self-adhesive flat-plastics – current duties of up to 8 percent.

A majority of tariffs on the following products of interest to Canada will be eliminated upon the Agreement's entry into force; remaining tariffs will be eliminated in 3, 5 or 10 years:

- medical devices (88 percent of tariff lines immediately duty-free): diagnostic/laboratory reagents, medical apparatus parts, thermometers – current duties of up to 50 percent;
- prefabricated buildings (60 percent of tariff lines immediately duty-free) – current duties at 8 percent.

Canadian tariff elimination

100 percent of industrial tariff lines will be eliminated.

For example:

- appliances: 65.2 percent of tariff lines immediately duty-free and all remaining tariffs eliminated within three or five years – current duties up to 8 percent;
- consumer electronics: 87.6 percent of tariff lines immediately duty-free and all remaining tariffs to be phased out within three or five years – current duties of up to 14 percent;
- ships: 30.8 percent of tariff lines immediately duty-free and all remaining tariffs to be phased out within 3, 5 or 11 years – current duties of up to 25 percent;
- chemicals: 99.5 percent of tariff lines duty-free upon implementation and all remaining tariffs to be phased out within three or five years – current duties of up to 15.5 percent;
- aluminum: 78.2 percent of tariff lines to be duty-free upon implementation and all remaining tariffs to be phased out within three or five years – current duties of up to 6.5 percent;
- apparel: 5.7 percent of tariff lines to be duty-free upon implementation and all remaining tariffs to be phased out within three years – current duties of up to 18 percent;
- footwear: 34.8 percent of tariff lines to be duty-free upon implementation and all remaining tariffs to be phased out within 5 or 11 years – current duties of up to 20 percent.

Automotive products

South Korean tariff elimination

Upon the Agreement's entry into force, all existing tariffs will be eliminated. This includes:

- all light vehicles – current duties of 8;
- all automotive parts – current duties ranging from 3 to 8 percent.

Canadian tariff elimination

Canadian tariffs will be eliminated on:

- all light vehicles: tariffs to be eliminated within three or five years – current duties of 6.1 percent;
- all automotive parts: 69.8 percent of tariff lines to be duty free on implementation and all remaining tariffs to be phased out within three or five years – tariffs ranging from 0 to 8.5 percent.

Overview of auto-related provisions

Tariff elimination: South Korea’s 8-percent tariff on vehicles will be eliminated immediately upon the Agreement’s implementation while Canada’s lower, 6.1-percent tariff on imports of South Korean passenger vehicles will be phased out in three annual cuts.

Rules of origin: The Canada-Korea Free Trade Agreement includes rules of origin for vehicles that provide Canadian vehicle manufacturers with the ability to source inputs from the United States and still benefit from the Agreement when exporting their vehicles to South Korea. Neither KORUS nor the EU-Korea FTA provides such “cumulation”. The thresholds and methodologies for origin content will ensure that the rules of origin under the Canada-Korean Free Trade Agreement can be met by all Canadian manufacturers without volume limits.

Accelerated dispute settlement: The specialized dispute settlement provisions in the Canada-Korea Free Trade Agreement will ensure that any dispute related to motor vehicles will be dealt with as quickly as in KORUS and on a faster timeline than in the EU-Korea FTA. Furthermore, the Canada-Korea Free Trade Agreement’s accelerated dispute settlement procedures are permanent, whereas the equivalent KORUS provisions can expire after 10 years.

Transitional safeguards: The Canada-Korea Free Trade Agreement includes safeguard provisions equivalent to those found in KORUS for motor vehicles and extends these provisions to all products, as was done in the EU-Korea FTA. An unprecedented element of the provisions is the ability to introduce a safeguard measure and not pay any compensation to the other Party for the first two years.

Internal taxes: The Canada-Korea Free Trade Agreement’s most-favoured-nation (MFN) provision ensures that Canada benefits not only from existing KORUS provisions but also from any future improvements to the South Korean internal taxation regime for motor vehicles and automotive parts made for any third party.

Emissions and fuel economy standards: The Canada-Korea Free Trade Agreement ensures that Canada will benefit, now and in the future, from the best treatment that South Korea provides to any other trading partner.

Safety standards: The equivalency provisions in the Canada-Korea Free Trade Agreement will give Canadian automakers preferential access to the South Korean market for cars built to key U.S. safety standards (as most Canadian manufacturers currently are) or European Union safety standards (as is necessary to export vehicles to the European Union and to many other markets) and will not be subject to any numerical limits. The equivalency provisions for U.S. safety standards enshrines in the Agreement a modernized version of an existing South Korean regulation known as Table 4 that could have otherwise been removed by South Korea at any time. Provisions on new vehicle technologies and compliance testing procedures will also help to facilitate access to the South Korean market.

Forestry and value-added wood products

South Korean tariff elimination

Current duties average 2.9 percent, with tariff peaks up to 10 percent:

- upon entry into force, elimination of tariffs on more than 57 percent of tariff lines;
- a further 13.1 percent of tariff lines will become duty-free within three years:
 - spruce lumber, other coniferous lumber, white wood/fir lumber, cedar lumber – current duties of 5 percent;
- duties on the remainder of Canada’s exports will be eliminated within 10 years:
 - oriented strand board – current duties of 8 percent;
 - plywood – current duties of 8 to 10 percent;
 - particle board – current duties of 8 percent.

Canadian tariff elimination

Canada will remove all tariffs on forestry products upon implementation of the Agreement.

Fish and seafood products

South Korean tariff elimination

Nearly 70 percent of fish and seafood tariff lines will benefit from duty-free access within five years of the Canada-Korea Free Trade Agreement’s entry into force.

Tariffs will be eliminated immediately on such products as:

- lobster (frozen) – current duties of 20 percent;
- Pacific and Atlantic salmon (fresh/chilled/smoked) – current duties of 20 percent.

Tariffs on the following product of interest to Canada will be eliminated within three years:

- lobster (not frozen) – current duties of 20 percent.

Tariffs on the following products of interest to Canada will be eliminated within five years:

- prepared/preserved salmon in airtight containers – current duties of 20 percent;
- Bai top shell (sea snails) – current duties of 20 percent;
- frozen sardines – current duties of 10 percent;
- fish oil – current duties of 3 percent;
- frozen *Pandulus borealis* shrimp – current duties of 20 percent.

Canadian tariff elimination

In total, 77.2 percent of tariff lines will be duty free upon implementation and all remaining tariffs will be phased out within three years.

Agricultural and agri-food products

South Korean tariff elimination

The Canada-Korea Free Trade Agreement will allow for the progressive elimination of tariffs on 86.8 percent of agricultural tariff lines.

Products of interest to Canada that will receive immediate duty-free access include:

- grains and special crops:
 - wheat, including durum wheat – current duties of up to 3 percent;
 - rye – current duties of up to 108.7 percent;
 - oats – current duties of up to 554.8 percent;
 - canary seed – current duty of 3 percent.
- oilseeds and oilseed products:
 - canola – current duties of 10 percent;
 - soybeans for soy sauce and soy-cake – current duty of up to 487 percent, or 956 Won/kg;
 - mustard seed – current duty of 3 percent.
- meat and animal products:
 - beef fats and tallow – current duties of up to 8 percent;
 - pig fats and lard oils – current duties of 3 percent;
 - bovine and swine genetics – current duties of up to 18 percent;

- pure-bred swine – current duties of up to 18 percent;
- raw furskins, including mink – current duties of 3 percent.
- animal feeds:
 - pet food – current duties of 5 percent;
 - certain forage products, such as hay and alfalfa bale – current duties of up to 18 percent.
- processed products and alcoholic beverages:
 - frozen french fries – current duty of 18 percent;
 - prepared mustard and mustard flour – current duties of 8 percent;
 - maple syrup and maple sugar – current duties of 8 percent;
 - rye whisky – current duty of 20 percent;
 - ice wine – current duty of 15 percent;
 - certain baked goods – current duties of 8 percent;
 - golden roasted flaxseed – current duty of 45 percent.
- other products, such as beet pulp (current duty of 5 percent) and linseed (current duty of 3 percent).

Tariffs on the following products of interest to Canada will be eliminated within three and five years of the Agreement's entry into force:

- refined canola oil – current duties of 5 percent;
- chick peas, lentils and broad beans – current duties of 27 percent;
- wheat flour – current duties of 4.2 percent;
- processed products, which include sugar confectionery products (current duties of 8 percent), most baked goods (current duty of 8 percent), active and inactive yeasts (current duty of 8 percent), and cranberry and blueberry juice (current duty of 50 percent).

In addition, tariffs will gradually be eliminated on the following Canadian products of interest:

- beef and pork:
 - fresh/chilled/frozen beef cuts and some processed beef (current duties of up to 72 percent) – duties to be eliminated over 15 years;
 - fresh/chilled/frozen pork and (current duties of up to 25 percent) – duties will be eliminated over 5 to 13 years;
 - fresh/chilled/frozen beef cuts and some processed beef products, as well as certain fresh/chilled/frozen pork products, will be subject to transitional safeguard volumes;
 - beef and pork offal (current duty of 18 percent) – duties will be eliminated over 11 years.
- pulses:
 - dried peas for human consumption and kidney beans (duties of up to 27 percent) – duties to be eliminated over 10 years;

- mung/urd beans (tariffs of up to 607.5 percent) – duty to be eliminated over 11 years;
- adzuki beans (duties of up to 420.8 percent) – duty-free within specific agricultural safeguard volumes, and unlimited after 15 years.
- oils and oilseeds:
 - crude canola oil (current duty of 5 percent) – duties will be eliminated over seven years;
 - identity-preserved soybeans for human consumption (duties of up to 487 percent or 956 Won/kg) – permanent duty-free in-quota access for an initial volume of 5,000 tonnes, increasing to 17,000 tonnes by year 10 of the Agreement.
- processed grains and animal feeds:
 - transitional tariff rate quotas (TRQs) for the following products:
 - certain fodder (duties up to 100.5 percent) – duty-free within quota volume of 20,000 tonnes, increasing to 55,000 tonnes by year 8 and year 9, and unlimited by year 10;
 - supplementary animal feeds (duties up to 50.6 percent) – duty-free quota volume of 500 tonnes, growing to 1,000 by year 9 and unlimited thereafter;
 - un-roasted malt (duties of up to 269 percent) – duty-free within quota volume of 13,000 tonnes growing to 25,000 tonnes by year 11; unlimited thereafter;
 - un-hulled and naked barley (duties of up to 324 percent or 326 Won/kg) – duty-free within quota volume of 2,500 tonnes with no growth; unlimited by year 15.
- other products:
 - natural honey (duties of up to 243 percent or 1,864 Won/kg) – permanent duty-free in-quota access secured for an initial 100 tonnes growing to 200 tonnes by year 21;
 - frozen blueberries or cranberries (duty of 30 percent) – duties to be eliminated over seven years;
 - sweetened and unsweetened dried cranberries (duty of 45 percent) – duties to be eliminated over 10 years;
 - miscellaneous food preparations (duty of 8 percent) – duties to be eliminated over seven years.
- For all agricultural products, Canada will have continued access to any of South Korea’s existing import quotas.
- South Korea excluded selected agricultural products (3.1 percent of Canada’s agricultural exports) from tariff elimination, including most dairy products, poultry and poultry products, ginseng and its products, rice and rice products, refined sugar and most tobacco products.

Canadian tariff elimination

Upon the Canada-Korea Free Trade Agreement’s entry into force, Canada will provide South Korea with immediate duty-free access on 50.7 percent of agricultural tariff lines. A further 36.3 percent of duties on agricultural tariff lines will be eliminated over five years.

Of Canadian agricultural tariff lines, 13 percent will be excluded from duty elimination, including all those that apply to over-quota supply-managed products (i.e. dairy, poultry and eggs). As well, no tariff rate quotas for supply-managed goods were increased.

Services, investment and related matters

Cross-border trade in services

- Canada obtained significant improvements and new sectoral market access, which go well beyond South Korea's obligations under the WTO's General Agreement on Trade in Services (GATS) in many sectors of export interest to Canada, such as professional services (e.g. foreign legal consultancy services, commercial education and training, and research and development), environmental services, business services and services incidental to manufacturing, mining and wholesale trade. This outcome is commensurate with KORUS and the EU-Korea FTA.
- The cross-border trade in services and investment chapters include a "negative list approach" for listing reservations. Under this approach, a market is fully open unless otherwise listed in a reservation and it provides service suppliers from each market with increased transparency and predictability of domestic regulatory regimes.
- An equally important outcome was the binding of future autonomous liberalization by way of a "ratchet mechanism." This mechanism means that if South Korea liberalizes a law, policy or regulation that makes it easier for Canadians to conduct their services or investment activities in South Korea, the liberalization becomes South Korea's new obligation under the Canada-Korea Free Trade Agreement.
- The services chapter includes a most-favoured nation (MFN) clause. This MFN provision will ensure that any additional benefits granted by South Korea to its future free trade agreement partners will also be extended to Canada.
- Canada's services obligations in the Canada-Korea Free Trade Agreement are substantively similar to its NAFTA obligations and are equivalent to Canada's most recently concluded free trade agreements (e.g. Peru, Colombia and Panama), and include a non-binding mutual recognition agreement framework that provides common standards or criteria for the licensing or certification of suppliers of professional services.
- As with all of Canada's free trade agreements, the Canada-Korea Free Trade Agreement retains the right of governments to regulate and maintain sovereign control over the development of natural resources.
- Services provided in the exercise of government authority, including health, public education and other social services sectors and activities, are also excluded from coverage.
- Exclusions taken by Canada provide for continued preferential treatment to be given to Aboriginal peoples and minority groups.

Financial services

- The financial services provisions of the Canada-Korea Free Trade Agreement will help protect existing investments and encourage further competition in the financial sector.

- Canadian financial service providers that have investments in South Korea will benefit from enhanced investment protection and access in the South Korean market on par with the best treatment provided to any other foreign companies.
- The Agreement ensures that Canadian financial service providers and investors will benefit from any additional trade commitments that South Korea makes in the future.
- The Agreement also includes new commitments to facilitate cross-border trade, including in the areas of portfolio management services, data processing operations and transfers of information that facilitate efficient capital allocation by Canadian financial institutions in the region.
 - The Agreement recognizes the critical role that banks, insurance companies and other financial institutions play in the economy by including special provisions on financial services.
 - The Canada-Korea Free Trade Agreement includes special dispute settlement rules for financial services and a prudential carve out that safeguards the right of governments to take prudential measures aimed at protecting the stability and integrity of the financial system.
 - The Agreement will also encourage financial sector officials in Canada and South Korea to communicate with one another in order to prevent or resolve unnecessary barriers to entry into the financial services sector.

Telecommunications

- The telecommunications chapter will enhance regulatory certainty for Canadian telecommunications service suppliers by including disciplines to ensure that South Korea's regulators act impartially, objectively and in a transparent fashion.
- The chapter will ensure that Canadian enterprises have preferential access to South Korean telecommunications networks and services for the supply of their products and services, beyond South Korea's existing GATS commitments.
- Canadian-owned telecommunications service suppliers in South Korea will benefit from investment provisions that are equivalent to those available to U.S. suppliers under KORUS.

Temporary entry for business persons

- South Korea's commitments are the most ambitious the country has ever negotiated in a free trade agreement, going well beyond what was negotiated in KORUS and the EU-Korea FTA.
 - South Korea's commitments are in line with those of Canada and include reciprocal coverage (i.e. the same coverage applies to both Canada and South Korea) of intra-corporate transferees, business visitors, traders and investors.
 - The Agreement includes broad coverage for contract service suppliers (i.e. professionals employed by a Canadian company), including those in the science, engineering and IT fields, and coverage of key sectors of interest to Canada for independent professionals (i.e. self-employed professionals contacted directly by a South Korean or South Korean company), including architects, engineers, management consultants and veterinarians.
 - Through the Canada-Korea Free Trade Agreement, these professionals will not need to obtain a labour market opinion/or economic needs test.

- Spouses of traders and investors, intra-corporate transferees, contract service suppliers and independent professionals are also covered by the Agreement.

Investment

- The Agreement’s investment chapter ensures that Canadian investors will benefit from a more transparent and predictable environment, and sets out the respective rights and obligations with respect to the treatment of Canadian investors in South Korea and South Korean investors in Canada.
- Among other things, the investment chapter provides for protection against discriminatory treatment, including at the pre-establishment stage of an investment (e.g. when an investment is undergoing the permit and approval process), which will assist Canadian investors in accessing the South Korean market. The chapter also provides for protection from expropriation without prompt and adequate compensation.
- The Canada-Korea Free Trade Agreement’s investment chapter will benefit Canadian investors across a wide range of sectors, as South Korea has committed to providing non-discriminatory treatment, subject to South Korean laws.
- The services and investment chapters include a “negative list approach,” under which a market is fully open unless otherwise listed in a reservation. This approach will offer investors from each market more transparent and predictable domestic regulatory regimes.
- The Agreement grants investors access to international arbitration to resolve disputes through the investor-state dispute settlement provisions. International arbitration is recognized as providing an impartial, objective means for foreign investors to resolve disputes with host countries.
- The Agreement’s dispute settlement provisions ensure greater protections for investors against discriminatory and arbitrary practices. Canadian investors see this element of our investment agreements as one of the most important, because it provides them with even more assurance that their investments will be treated fairly.
- The Agreement’s investment rules put Canadian investors on the same footing as their U.S. competitors under KORUS.
- As in all of Canada’s free trade agreements, the Canada-Korea Free Trade Agreement maintains Canada’s ability to review certain foreign investments pursuant to the *Investment Canada Act*.

Competition policy

The Canada-Korea Free Trade Agreement includes commitments to ensure that:

- the parties maintain measures to proscribe anticompetitive business conduct;
- these measures are in accordance with the principles of fairness, transparency and non-discrimination;
- ongoing cooperation by the parties on the barring of anticompetitive business conduct; and
- competition policy provisions, owing to the domestic nature of competition enforcement, are not subject to any form of international dispute settlement.

Monopolies and state enterprises

- Canada and South Korea have agreed to promote fair competition and prevent market distortion by state entities.
- To this end, the Agreement's monopolies and state enterprises chapter establishes rules disciplining the behaviour of monopolies and state enterprises to ensure that they operate in a non-discriminatory manner and in accordance with commercial considerations.
- Monopolies and state enterprises with public service obligations will continue to have flexibility to serve public interests.
- The parties maintain their ability to designate or maintain an entity as a monopoly or state enterprise.

Government procurement

- The Canada-Korea Free Trade Agreement's government procurement chapter builds on existing commitments in the World Trade Organization Agreement on Government Procurement (GPA). Canada and South Korea are among the 15 parties to the GPA and recently expanded their respective commitments in the revised GPA. The revised GPA is expected to enter into force, for those parties (such as Canada) that have ratified it, in April 2014. The provisions of the revised GPA will enter into force between Canada and South Korea once South Korea ratifies the GPA.
- Through the Agreement, Canadian suppliers will benefit from additional access to procurement by South Korean central government agencies for contracts valued above 100 million won (\$100,000).
- The Agreement will put Canadian suppliers on an equal footing with U.S. competitors. It also puts Canadian companies in a more advantageous position than competitors from other WTO GPA parties, such as Japan and the European Union, which face higher thresholds.
- Access to government procurement opportunities complements gains that Canada has made in other areas of the Agreement, including tariff reduction and investor protection. Where tariffs have been reduced, Canadian products are more competitive in the local South Korean market and can be more competitively priced for sale to South Korean government agencies.
- In addition to non-discriminatory treatment, Canadian suppliers will have access to all the information necessary to submit a bid as well as a right to challenge procurement decisions if the rules have not been followed.
- In terms of the Canadian market, South Korea will have access to Canadian central government procurement opportunities for contracts valued above \$100,000. South Korea will have access to the same Canadian central government entities as those listed in the WTO GPA.
- Although the Agreement does not cover provincial, territorial or municipal government procurement, Canada and South Korea will have commitments in relation to sub-national procurement once the revised WTO GPA comes into force.
- In 2012, the overall South Korean government procurement market was estimated to be worth \$105 billion annually.

Intellectual property

Through the Canada-Korea Free Trade Agreement's intellectual property (IP) provisions, Canadian copyright, patent and trademark owners have assurance that their rights will be respected fully in the South Korean marketplace.

The Canada-Korea Free Trade Agreement's robust enforcement provisions will ensure that Canadian IP rights-holders can do business with confidence in the South Korean market.

Copyright

- reflects Canada's regime as updated by the 2012 *Copyright Modernization Act*, which brought Canada into compliance with the World Intellectual Property Organization's two Internet treaties;
- reiterates existing aspects of Canada's regime, including the protection of technological protection measures (technology designed to protect copyrighted material), protection of rights management information, and special measures against copyright infringers on the Internet (no change to Canada's notice and notice regime, which defines the responsibility of Internet service providers in respect of copyrighted material on their networks).

Trademarks

- reflects existing aspects of Canada's trademarks regime, including those pertaining to trademark registration, application and cancellation as well as to well-known trademarks.

Enforcement

- includes provisions on civil and criminal remedies and border measures in line with Canada's existing regime and Bill C-8, the *Combating Counterfeit Products Act*.

Patents

- in line with Canada's current regime, including criteria regarding patentability and exclusions from patentability;
- no new commitments in the area of pharmaceutical patents.

Public health concerns

- recognizes the importance of the WTO Declaration on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and public health.

Geographic indications

- the Canada-Korea Free Trade Agreement includes provisions on the protection of geographical indications.
- more specifically, the Canada-Korea Free Trade Agreement commits South Korea to protect the terms "Canadian whisky" and "Canadian rye whisky" as geographical indications. It also obliges Canada to protect the terms *Goryeo Hongsam*, *Goryeo Baeksam*, *Goryeo Susam* and *Icheon Ssal*, including their translations, respectively, "Korean red ginseng," "Korean white ginseng," "Korean fresh ginseng" and "Icheon rice" as geographical indications.

Other

- increases opportunities for cooperation in the field of intellectual property and establishes a committee to oversee such cooperation as well as to provide a forum for discussion and consultations.

Dispute settlement and institutional provisions

Dispute settlement

- The dispute settlement chapter builds on lessons learned from past experience by establishing a dispute settlement process that is faster and more efficient than the dispute resolution process in the WTO and many other trade agreements.
- The Canada-Korea Free Trade Agreement provides for efficient, three-person dispute settlement panels, with panellists appointed through an ad-hoc appointment process rather than a process based on a standing roster of candidate panellists.
 - An ad-hoc appointment approach is beneficial because it broadens the range of potential adjudicators, prevents situations where a dispute cannot go forward expeditiously because the roster has expired and a new one has not yet been appointed, and, for the parties in dispute, reduces administrative burdens related to the need to maintain the roster.
 - The Canada-Korea Free Trade Agreement also provides for even more accelerated timelines for disputes involving perishable goods and motor vehicles.
 - The dispute settlement provisions allow for hearings that are accessible to the public and permits panels to consider submissions by non-governmental persons.

Institutional provisions

- The Agreement's preamble sets out a number of aspirational (non-binding) statements for the Canada-Korea Free Trade Agreement, including those related to environmental protection and conservation, workers' rights and cultural diversity.
- The "Extent of Obligations" provision recognizes that each party is responsible for ensuring the observance of obligations and commitments in the Agreement at all levels of government.
- Includes a provision on the relationship between Canada-Korea Free Trade Agreement obligations and certain multilateral environmental agreements (MEAs). This ensures that Canada will be able to fulfill its MEA obligations without facing trade challenges.
- The Agreement includes provisions on cultural cooperation to promote cultural exchanges and joint initiatives, such as audiovisual co-production.
- Transparency provisions ensure that each party has access to information, such as that pertaining to laws or regulations, that can affect the operation of the Agreement.
- The Agreement provides for a joint commission that oversees and facilitates the implementation and application of the Agreement and supervises the work of the Agreement's various committees, working groups and other bodies.
- Committees, working groups, and other bodies under the joint commission pertain to:

- goods (committee on trade in goods, sub-committee on trade in motor vehicles and automotive parts, sub-committee on trade in forest products, rules of origin and customs committee, committee on sanitary and phytosanitary measures);
 - standards-related measures (committee on standards-related measures, technical working group on standards-related measures related to building products);
 - trade remedies (committee on trade remedies);
 - financial services (financial services committee);
 - temporary entry for business persons (contact points are identified);
 - government procurement (committee on government procurement);
 - intellectual property (committee on intellectual property);
 - outward processing zones (committee on outward processing zones on the Korean Peninsula);
 - environment (contact point[s] are identified, environmental affairs council); and
 - labour (national points of contact, ministerial council).
- The scope of committee and working group mandates is generally limited to issues falling within the scope of the applicable chapter.
 - The Canada-Korea Free Trade Agreement includes amendment provisions that allow parties to agree to revise and update the Agreement.
 - The Canada-Korea Free Trade Agreement's termination and withdrawal provisions allow either party to terminate or withdraw from the Agreement with six months' notice.

Exceptions

- A broad, general exception for measures related to cultural industries is included to maintain Canada's flexibility to protect and promote cultural industries through its policies and programs.
- A taxation article to ensure protection for existing taxation measures, as well as broad exceptions to ensure the ability of governments to implement efficient tax policies that are consistent with their overall social and economic objectives.
- A general exception in line with those included in Canada's previous free trade agreements is included for certain measures, including those necessary to protect human, animal, or plant life or health, or relating to the conservation of exhaustible natural resources.
- An exception is included for measures taken to protect national security.

Environment and Labour

Environment

- Ambitious environmental obligations consistent with Canada's other agreements, including commitments to:
 - maintain high levels of environmental protection, effectively enforce environmental laws, not waive or derogate from such laws to promote trade or investment;

- ensure transparency and public participation in the making of such laws, if any; and
- reaffirm commitments to multilateral environmental agreements Canada and South Korea have ratified.
- A framework for cooperation in areas of mutual interest.
- A dispute resolution process to address any questions regarding compliance, including review by an independent panel of experts whose recommendations will be made publicly available.

Labour

- Provisions of the labour chapter are similar to, and in some cases surpass, those found in Canada's recent labour cooperation agreements, such as those with Peru, Colombia, Jordan, Panama and Honduras.
- An ambitious level of obligations ensures that national labour laws and policies in Canada and South Korea respect international labour standards, including in regard to the International Labour Organization's 1998 Declaration on Fundamental Principles and Rights at Work.
- A non-derogation clause prevents either party from derogating from its labour laws in order to encourage trade or investment.
- The following institutional structures are set up to implement and monitor compliance with the established commitments in this area:
 - either party can request labour consultations with the other party regarding any obligation found in the chapter; and
 - a mechanism through which members of the public can raise concerns about labour issues related to the chapter.
- An enforceable dispute settlement mechanism, which may result in financial penalties in cases of non-compliance, to help ensure that all labour obligations are respected.