

CANADA-KOREA FREE TRADE AGREEMENT

Creating Jobs and Opportunities
for Canadians



Provincial and Territorial Benefits

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Provincial and Territorial Benefits

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INTRODUCTION

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

The government has therefore launched the most ambitious trade plan in Canadian history. In less than seven years, Canada has concluded free trade agreements with nine countries and is negotiating with 30 more. In addition, Canada has announced an historic agreement-in-principle with the 28-nation European Union that will open markets in the EU and give Canadian businesses access to half a billion affluent customers, creating thousands of jobs for Canadians.

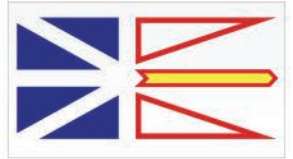
Our long-term prosperity depends on our ability to take advantage of economic opportunities in emerging markets. The most recent Speech from the Throne committed to expanding trade in Asia to benefit Canadian workers, businesses and industries across the country. The Canada-Korea Free Trade Agreement delivers on that commitment.

On March 11, 2014, in Seoul, Prime Minister Stephen Harper and President Park Geun-hye of South Korea announced that Canada and South Korea had concluded negotiations on a new free trade agreement. This landmark achievement constitutes Canada's first free trade agreement in Asia and will provide new access for Canadian businesses and workers to South Korea, the world's 15th-largest economy and fourth-largest economy in Asia, with an annual GDP of \$1.1 trillion and a population of 50 million people.

The Canada-Korea Free Trade Agreement will create thousands of jobs for hardworking Canadians by increasing Canadian exports to South Korea by 32 percent and boosting Canada's economy by \$1.7 billion. It will level the playing field for Canadian businesses competing with South Korea's other trading partners, including the United States and the European Union, who already have free trade agreements in place with South Korea. The Agreement will benefit workers in every region of the country by increasing sales and exports and will give consumers more choice and lower prices.

South Korea is not only a major economic player in its own right and a key market for Canada: it also serves as a gateway for Canadian businesses and workers to the dynamic Asia-Pacific region as a whole. As a result, Canadian companies will be able to take better advantage of South Korea as a strategic base for expanding their presence in all of Asia and across its supply chains. Being well-positioned in this region against our competitors is critical to Canada's own long-term economic prosperity. The Canada-Korea Free Trade Agreement will tap into unrealized potential and create jobs and opportunities for our businesses and workers. With more than 50 years of diplomatic relations between Canada and South Korea, a free trade agreement is the natural next step in a dynamic relationship between two nations committed to economic growth and development through free trade.

How the Canada-Korea Free Trade Agreement Will Benefit Newfoundland and Labrador



Creating jobs and opportunities for Newfoundlanders and Labradorians

Newfoundland and Labrador stands to benefit significantly from preferred access to the South Korean market. Newfoundland and Labrador's exports to South Korea from 2010 to 2012 were worth an annual average of approximately \$21.6 million.

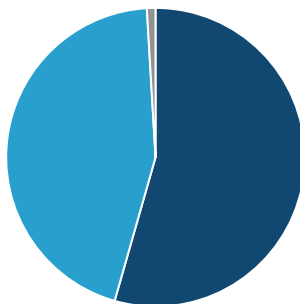
Upon entry into force, the Canada-Korea Free Trade Agreement will eliminate tariffs on almost all of Newfoundland and Labrador's key exports and provide access for new opportunities in the South Korean market. Exporters in these sectors will also benefit from other Agreement provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reinforce intellectual property rights and ensure more transparent rules for market access. Overall, Newfoundland and Labrador has a lot to gain from the Canada-Korea Free Trade Agreement.

Top benefits for Newfoundland and Labrador:

- duty-free access for fish and seafood, including molluscs, snow crab, shrimp and lobster;
- duty-free access for industrial goods, including maritime radar apparatus and industrial machinery;
- enhanced market access for many agricultural and agri-food products, including seal meats and food preparations;
- improved access for professional services;
- predictable, non-discriminatory rules for Canadian investors;
- improved access to South Korea's government procurement market;
- strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions.

Opening new markets in South Korea for Newfoundland and Labrador's world-class products

Merchandise exports from Newfoundland and Labrador to South Korea (2010-2012 annual average) (value in millions of Canadian dollars)



- Fish and seafood, 11.7
- Industrial goods, 9.6
- Agriculture and agri-food, 0.2

Fish and seafood products



The fish and seafood products sector provides jobs to more than 8,000 Newfoundlanders and Labradorians and makes a significant contribution to the provincial economy.

Trade snapshot

Newfoundland and Labrador's fish and seafood exports to South Korea were worth an average of \$11.7 million annually between 2010 and 2012. Canadian fish and seafood exports to South Korea face tariffs of up to 47 percent. The Canada-Korea Free Trade Agreement

will create significant market access opportunities for Canada's fish and seafood sector by eliminating South Korea's high tariffs on all fish and seafood products.

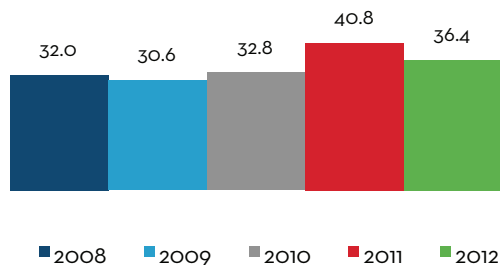
Tariff elimination

Under the Agreement, all South Korean tariffs on fish and seafood products will be eliminated. Nearly 70 percent of fish and seafood product tariff lines will be duty free within five years and all remaining duties will be eliminated within 12 years. The Agreement will eliminate average South Korean tariffs of 16.5 percent in this sector—tariffs which may reach as high as 47 percent.

For example, South Korean tariffs will be eliminated on:

- frozen molluscs, from a current rate of up to 20 percent;
- frozen snow crab, from a current rate of up to 20 percent;
- frozen capelin, from a current rate of 10 percent;
- frozen shrimp, from a current rate of up to 20 percent; and
- frozen and live/fresh/chilled lobster, from a current rate of up to 20 percent.

Fish and seafood exports from Atlantic Canada to South Korea (2008-2012)
(value in millions of Canadian dollars)



Beyond tariffs

Canada and South Korea recognize the importance of ensuring that improved market access in the fisheries and seafood sector are supported by robust sanitary and phytosanitary (SPS) provisions.

Under the Agreement, an SPS committee will allow experts to collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit Canadian fish and seafood exporters by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers.

Reaping the benefits

Eliminating South Korea's high tariffs in this sector will generate a price advantage for Newfoundland and Labrador's fish and seafood exports that will facilitate the expansion of Newfoundland and Labrador's exports to South Korea's growing market.

By obtaining market access under the Agreement, Canadian companies will benefit from a more level playing field when competing against companies from key countries that already have free trade agreements with South Korea, such as the United States, EU members, Norway and Chile.

"Free trade is a key ingredient for the future success of the seafood business in Canada. The Comprehensive Economic Trade Agreement between Canada and the European Union was great news, and we're pleased that opening markets around the world, especially in growing Asian markets such as South Korea, is a priority for the Government of Canada. The Canada-Korea Free Trade Agreement will create significant market access opportunities for Canada's fish and seafood sector by eliminating South Korea's high tariffs on all fish and seafood products."

Derek Butler, Executive Director, Association of Seafood Producers

Atlantic Canada exports of fish and seafood to South Korea

Lobster is Canada's most valuable seafood export and an iconic Canadian crustacean exported around the world. In 2013, Atlantic Canada's exports of lobster were worth \$904.6 million and accounted for 95 percent of all Canadian lobster exports.

Canada's exports of lobster to South Korea averaged \$16.9 million annually between 2010 and 2012, and accounted for nearly 37 percent of Canada's total fish and seafood exports during that period.

Under the Canada-Korea Free Trade Agreement, current duties of up to 20 percent on lobster products faced by Canadian exporters will be eliminated. This duty-free access will give Canadian products preferential access to the South Korean market, and will create a level playing field with South Korea's current free trade agreement partners.

"The Lobster Council of Canada supports a Canada-South Korea free trade agreement, as it will greatly enhance our industry's competitiveness in South Korea. Tariff elimination and improved market access for lobster exports helps to ensure the long-term prosperity of our industry and the thousands of people it employs in Atlantic Canada."

Geoff Irvine, Executive Director, Lobster Council of Canada

Industrial goods



Some 1,700 hard-working Newfoundlanders and Labradorians and their families depend on the industrial goods sector, with the sector accounting for approximately 30 percent of the province's GDP.

Trade snapshot

From 2010 to 2012, Newfoundland and Labrador's annual exports of industrial goods to South Korea averaged \$9.6 million. The Canada-Korea Free Trade Agreement will significantly improve market access opportunities for Newfoundland and Labrador's industrial goods sector by eliminating tariffs on all of Canada's industrial goods exports.

The Canadian market is already largely open to global imports, including those from South Korea. Mutual tariff elimination will help make Newfoundland and Labrador exports of industrial goods more price competitive with South Korean domestic production. The Agreement will also help Newfoundland and Labrador exporters maintain a competitive footing with major competitors who already benefit from a free trade agreement with South Korea.

Tariff elimination

When the Agreement enters into force, over 95 percent of South Korean tariff lines for industrial products will be subject to immediate duty-free access.

Newfoundland and Labrador businesses stand to gain considerably when all South Korean tariffs on industrial goods are eliminated within 10 years. Without a free trade agreement, Canadian businesses would be at a disadvantage in the South Korean market against major competitors. The Agreement will create market access opportunities for Newfoundland and Labrador exporters across a number of industries.

For example, South Korean tariffs will be eliminated on:

- maritime radar apparatus, from a current rate of up to 8 percent;
- lighting fixtures and parts, from a current rate of up to 8 percent;
- industrial machinery parts, from a current rate of up to 8 percent.

Beyond tariffs

Canada and South Korea recognize the importance of fostering cooperation and transparency in standards-related measures and have committed to encourage the use of internationally recognized standards and membership in multilateral arrangements to minimize duplicative certification and testing of products, including those related to medical devices.

The Agreement will also include a mechanism that will allow either party to raise concerns with the other party's standards-related measures, with the goal of minimizing or eliminating the measures' impact on trade. Canada and South Korea have negotiated provisions that will allow citizens of the other party to participate in the development of technical regulations and conformity assessment procedures on terms no less favourable than those that apply for their own citizens. This will help minimize or eliminate barriers before they come into place.

Minimizing the impact of technical barriers will help maximize market access for Newfoundland and Labrador's exports.

Reaping the benefits

Canada has obtained a tariff outcome—the elimination of all tariffs on industrial goods—that will level the playing field with key competitors such as the United States and the European Union, and provide enhanced market access opportunities in some specific areas of interest to Newfoundland and Labrador. As a result, Newfoundland and Labrador businesses stand to gain considerably from the Canada-Korea Free Trade Agreement.

Agricultural and agri-food products



Newfoundland and Labrador's agricultural and agri-food products sector employed over 3,100 people in 2012, and is a significant driver of economic activity in the province.

Trade snapshot

While Newfoundland and Labrador does not currently export significant volumes of agricultural products to South Korea, the Canada-Korea Free Trade Agreement will provide the province's agricultural sector with new market access possibilities, offering diversification and export opportunities to Canadian industry. Canadian agricultural exports to South Korea currently face high tariff rates, which averaged 52.7 percent in 2012.

Tariff elimination

The Canada-Korea Free Trade Agreement will eliminate tariffs on 86.8 percent of agricultural tariff lines. This duty-free access will give Canadian agricultural products, including food preparations and seal products, preferential access to the South Korean market and will create a level playing field on which Canadian producers can compete with South Korea's current free trade agreement partners.

For example, South Korean tariffs will be eliminated on:

- most food preparations, from a current rate of up to 30 percent;
- seal meat, from a current rate of up to 30 percent;
- seal fats/oil, from a current rate of up to 3 percent.

Beyond tariffs

Sanitary and phytosanitary measures are applied by governments to protect human, animal or plant life or health. These measures can, from time to time, impact trade in agricultural and agri-food products. The Agreement includes a chapter on SPS issues in which Canada and Korea agree to build on their shared commitments under the WTO on the application of SPS measures. Under the WTO SPS Agreement, parties recognize the rights of WTO members to take necessary measures for the protection of human, animal or plant life or health while ensuring these measures are based on science and do not unfairly restrict trade.

Under the Agreement, Canada and South Korea will establish a new bilateral SPS committee through which experts can collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit Canadian agriculture and agri-food exporters by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers.

Reaping the benefits

South Korea is a net importer of agricultural and agri-food products, importing \$20-billion worth of such products in 2012. Canada, a significant global supplier of high-quality agricultural products, is South Korea's fifth-largest supplier of such products. The Agreement will further develop this relationship.

The Agreement will allow Newfoundland and Labrador products to compete on a level playing field with other agricultural exporting countries that have signed or implemented a free trade agreement with South Korea, including the United States and EU members.

New access for world-class Canadian beef and pork

The Canada-Korea Free Trade Agreement will provide new market access opportunities for Canadian exports of beef and pork. The Agreement also recognizes the integrated nature of this industry in the North American economy, providing for rules of origin that will allow these world-class products to benefit from preferential treatment in South Korea. This is important to allow Canada to continue to compete with other countries exporting beef and pork to South Korea, including the United States and from the European Union, competitors that have benefited from lower tariffs since the implementation of the Korea-U.S. and Korea-EU free trade agreements.

Canada's share of Korean fresh, chilled and frozen pork imports dropped from 14.2 percent in 2010 (i.e. before the implementation of the Korea-U.S. and Korea-EU free trade agreements) to 8.9 percent in 2013, representing a loss in export value of \$22 million. During the same period, U.S. and EU market share increased by 10.2 percent to reach 76.3 percent.

In 2012, following the resumption of Canada's access to South Korea's beef market, Canadian fresh, chilled and frozen beef exports to South Korea were valued at \$9.6 million. However, in 2013, Canadian beef exports declined to \$6.7 million as a result of the growing tariff differential with U.S. and EU competitors. Between 2010 and 2012, South Korean beef imports were worth an average of approximately \$1.3 billion annually while pork imports were worth an average of approximately \$1.1 billion annually.

Under the Canada-Korea Free Trade Agreement:

- duties of up to 25 percent for fresh/chilled and frozen pork will be eliminated in 5 to 13 years; and
- duties that range from 40 to 72 percent for fresh/chilled and frozen beef cuts, and some processed beef, will be eliminated in 15 years.

Opening new markets in South Korea for Newfoundland and Labrador's world-class services



The service sector accounted for 53.3 percent of Newfoundland and Labrador's economy, employing some 180,400 Newfoundlanders and Labradorians in 2012.

Trade snapshot

Canada's services exports to South Korea are worth more than \$750 million a year. Newfoundland and Labrador's key export interests in this vibrant sector include retail and wholesale trade, environment, travel and tourism, construction and real estate services. Jobs in this sector are traditionally highly skilled and well-paying, creating important opportunities for Canadian expertise.

Improved access to markets

The Canada-Korea Free Trade Agreement will provide Canadian service suppliers with greater and more predictable access to the dynamic South Korean market. Once in force, the agreement will create a level playing field for Canadian service suppliers against key competitors from the United States and the European Union, both of whom have implemented their own respective free trade agreements with South Korea.

- The Agreement includes 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. The Agreement will establish enhanced market access in areas such as professional services (e.g. foreign legal consultancy services, commercial

education and training, research and development), environmental services and business services. This outcome is commensurate with South Korea's free trade agreement commitments with the United States and the European Union.

- The Agreement uses a "negative list" approach for listing reservations to the obligation of the cross-border trade in services chapter, which means that everything is open unless otherwise listed in a reservation.
- The Agreement also ensures that any future changes that aim to make it easier for Canada's service providers to access the South Korean market (or for Canadian investors to obtain better treatment) will be locked in every time they bring improvements in access. This is referred to as the "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 Agreement.

Temporary entry for business persons

South Korea's temporary entry commitments under the Agreement are more ambitious than under any of South Korea's other free trade agreements. The Agreement's temporary-entry provisions will provide new, preferential access to the South Korean market, facilitating movement between Canada and South Korea for business visitors, traders and investors, intra-company transferees, professionals (i.e. contract service suppliers and independent professionals) and their spouses.

Under the Agreement, Canadian firms can send their employees to South Korea to fulfill service contracts, for instance, in science, engineering and IT fields. Canadian independent professionals (i.e. self-employed professionals contracted directly by a South Korean or South Korean company) such as architects, engineers, management consultants and veterinarians may enter the South Korean market with a pre-arranged contract.

In addition, the Agreement will benefit the e-commerce and telecommunications sectors.

Telecommunications

The telecommunications sector is important for the economies of Canada and South Korea. Not only is telecommunications a constantly growing service sector, it is one of the most important enablers in the modern economy, providing the means of delivering other services that Canadians depend on.

The Agreement will ensure that all players in the telecommunications market have fair access to networks and services in each other's market and that regulators act impartially, objectively and in a transparent manner. Service providers and investors will benefit from increased transparency and predictability of the regulatory environment and secure, competitive marketplaces.

E-commerce

Electronic commerce was in its infancy 20 years ago. Today, e-commerce is a part of our daily lives. Canadians shop and plan holidays online, and buy and download software and entertainment content, including movies, television programs and music. Advertisers are making increased use of "smart advertising" on the Web to track our shopping habits and promote specific deals likely to interest us.

Canada and South Korea recognize the growing economic importance and changing nature of this technologically advanced sector. To facilitate trade in the digital economy, the Agreement includes a commitment whereby both parties will not levy customs duties, fees or other charges on digital products that are transmitted electronically. As well, Canada has agreed to important measures under the Agreement aimed at building trust and confidence in the digital environment, such as those having to do with the online protection of e-commerce users' personal information.

Protecting services and policies that matter to Canadians

Nothing in the Agreement prevents governments from regulating in the public interest, including in areas related to the delivery of public services, the provision of preferential treatment for Aboriginal peoples, or the adoption of measures to protect or promote Canadian culture. For example, public services such as health, public education and other social services will be excluded from the obligations of the Agreement, ensuring that governments remain free to enact the policies and programs they choose in these areas.

Reaping the benefits

The Agreement provides Canadian service providers with improved protection, predictability and transparency for conducting business, as well as greater access to South Korea's sophisticated services market.

Canadian gains under the Canada-Korea Free Trade Agreement will enable Canadian companies to compete on a level playing field with their major competitors in the South Korean market, giving them an advantage over competitors from other countries. Ultimately, this advantage will benefit the entire Canadian economy and lead to new jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

How the Canada-Korea Free Trade Agreement Will Benefit Nova Scotia

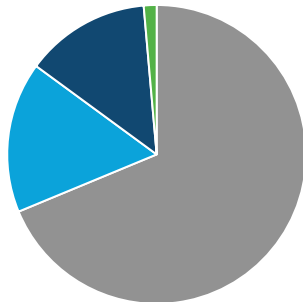


Creating jobs and opportunities for Nova Scotians

Nova Scotia stands to benefit significantly from preferred access to the South Korean market. South Korea is already Nova Scotia's 12th-largest export destination with exports from 2010 to 2012 worth an annual average of \$30.1 million.

Upon entry into force, the Canada-Korea Free Trade Agreement will eliminate tariffs on almost all of Nova Scotia's key exports and provide access to new opportunities in the South Korean market. Exporters in these sectors will also benefit from other Agreement provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reinforce intellectual property rights and ensure more transparent rules for market access. Overall, Nova Scotia has a lot to gain from the Canada-Korea Free Trade Agreement.

Merchandise exports from Nova Scotia to South Korea (2010-2012 annual average)
(value in millions of Canadian dollars)



- Fish and seafood, 19.8
- Agriculture and agri-food, 4.7
- Industrial goods, 3.9
- Forestry and value-added wood products, 0.4

Top benefits for Nova Scotia:

- duty-free access for fish and seafood products, including lobster, crab, eels and molluscs;
- duty-free access for many agricultural and agri-food products, including fresh and frozen blueberries, wine (including icewine), fur skins and frozen french fries;
- duty-free access for industrial products, including scientific and precision instruments, construction machinery and equipment and textile products;
- improved access for professional services;
- predictable, non-discriminatory rules for Canadian investors;
- improved access to South Korea's government procurement market;
- strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions.

Opening new markets in South Korea for Nova Scotia's world-class products

Fish and seafood products



The fish and seafood products sector provides jobs to more than 9,200 Nova Scotians and makes a significant contribution to the provincial economy.

Trade snapshot

Nova Scotia's fish and seafood exports to South Korea were worth an annual average of \$19.8 million between 2010 and 2012. Canadian fish and seafood exports to South Korea face tariffs of up to 47 percent.

The Canada-Korea Free Trade Agreement will create significant market access opportunities for Canada’s fish and seafood sector by eliminating South Korea’s high tariffs on all fish and seafood products.

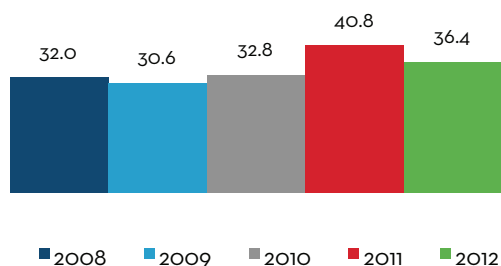
Tariff elimination

Under the Agreement, all South Korean tariffs on fish and seafood products will be eliminated. Nearly 70 percent of fish and seafood product tariff lines will be duty-free within five years and all remaining duties will be eliminated within 12 years. The Agreement will eliminate South Korea’s 16.5-percent average tariff in this sector—tariffs which may reach as high as 47 percent.

For example, South Korean tariffs will be eliminated on:

- live and frozen eels, from a current rate of up to 27 percent;
- live and frozen lobster, from a current rate of 20 percent;
- frozen crab, from a current rate of up to 20 percent;
- fish fats and oils, from a current rate of up to 3 percent; and
- scallops, from a current rate of 20 percent.

Fish and seafood exports from Atlantic Canada to South Korea (2008-2012)
(value in millions of Canadian dollars)



Beyond Tariffs

Canada and South Korea recognize the importance of ensuring that improved market access in the fisheries and seafood sector are supported by robust sanitary and phytosanitary (SPS) provisions.

Atlantic Canada exports of fish and seafood to South Korea

Lobster is Canada’s most valuable seafood export and an iconic Canadian crustacean exported around the world. In 2013, Atlantic Canada’s exports of lobster were worth \$904.6 million and accounted for 95 percent of all Canadian lobster exports.

Canada’s exports of lobster to South Korea averaged \$16.9 million annually between 2010 and 2012, and accounted for nearly 37 percent of Canada’s total fish and seafood exports during that period.

Under the Canada-Korea Free Trade Agreement, current duties of up to 20 percent on lobster products faced by Canadian exporters will be eliminated. This duty-free access will give Canadian products preferential access to the South Korean market, and will create a level playing field with South Korea’s current free trade agreement partners.

“The Lobster Council of Canada supports a Canada-South Korea free trade agreement, as it will greatly enhance our industry’s competitiveness in South Korea. Tariff elimination and improved market access for lobster exports helps to ensure the long-term prosperity of our industry and the thousands of people it employs in Atlantic Canada.”

Geoff Irvine, Executive Director, Lobster Council of Canada

Under the Agreement, an SPS committee will allow experts to collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit

Canadian fish and seafood exporters by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers.

Reaping the benefits

Eliminating South Korea's high tariffs in this sector will generate a price advantage for Canada's fish and seafood exports that will facilitate the expansion of Nova Scotian exports to South Korea's growing market.

By obtaining market access under the Agreement, Canadian companies will benefit from a more level playing field when competing against companies from key countries that already have free trade agreements with South Korea, such as the United States, EU members, Norway and Chile.

Agricultural and agri-food products



Nova Scotia's agricultural and agri-food products sector employed over 10,200 people in 2012, and is a significant driver of economic activity in the province.

Trade snapshot

Nova Scotia's agricultural exports to South Korea were worth an annual average of \$4.7 million from 2010 to 2012, led by fresh and frozen blueberries, wine (including icewine), fur skins and frozen french fries. Nova Scotia will benefit from expanding exports of these and a wide variety of other products, including meats and prepared foods. Canadian agricultural exports to South Korea currently face high tariff rates, which averaged 52.7 percent in 2012.

Tariff elimination

The Canada-Korea Free Trade Agreement will eliminate tariffs on 86.8 percent of agricultural tariff lines. This duty-free access will give Canadian

agricultural products, including fruits, wine and potatoes, preferential access to the South Korean market, and will create a level playing field on which Canadian producers can compete with South Korea's current free trade agreement partners.

For example, South Korean tariffs will be eliminated on:

- fresh blueberries, from a current rate of 45 percent;
- frozen blueberries, from a current rate of 30 percent;
- wine (including icewine), from a current rate of 15 percent;
- frozen potato products (including frozen french fries), from a current rate of 18 percent;
- fur skins (including mink), from a current rate of 3 percent.

Beyond tariffs

Sanitary and phytosanitary (SPS) measures are applied by governments to protect human, animal or plant life or health. These measures can from time to time impact trade in agricultural and agri-food products. The Agreement includes a chapter on SPS issues in which Canada and South Korea agree to build on their shared commitments under the WTO on the application of SPS measures. Under the WTO SPS Agreement, parties recognize the rights of WTO members to take necessary measures for the protection of human, animal or plant life or health while ensuring these measures are based on science and do not unfairly restrict trade.

Under the Agreement, Canada and South Korea will establish a new bilateral SPS committee through which experts can collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit Canadian agriculture and agri-food exporters by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers.

Reaping the benefits

South Korea is a net importer of agricultural and agri-food products, importing \$20-billion worth of such products in 2012. Canada, a significant global supplier of high-quality agricultural products, is South Korea's fifth-largest supplier of such products. The Agreement will further develop this relationship.

New access for world-class Canadian beef and pork

The Canada-Korea Free Trade Agreement will provide new market access opportunities for Canadian exports of beef and pork. The Agreement also recognizes the integrated nature of this industry in the North American economy, providing for rules of origin that will allow these world-class products to benefit from preferential treatment in South Korea. This is important to allow Canada to continue to compete with other countries exporting beef and pork to South Korea, including the United States and the European Union, competitors that have benefited from lower tariffs since the implementation of the Korea-U.S. and Korea-EU free trade agreements.

Canada's share of Korean fresh/chilled and frozen pork imports dropped from 14.2 percent in 2010 (i.e. before the implementation of the Korea-U.S. and Korea-EU free trade agreements) to 8.9 percent in 2013, representing a loss in export value of \$22 million. During the same period, U.S. and EU market share increased by 10.2 percent to reach 76.3 percent.

In 2012, following the resumption of Canada's access to South Korea's beef market, Canadian fresh/chilled and frozen beef exports to South Korea were valued at \$9.6 million. However, in 2013, Canadian beef exports declined to \$6.7 million as a result of the growing tariff differential with U.S. and EU competitors. Between 2010 and 2012, South Korean beef imports were worth an average of approximately \$1.3 billion annually while pork imports were worth an average of approximately \$1.1 billion annually.

Under the Canada-Korea Free Trade Agreement:

- duties of up to 25 percent for fresh/chilled and frozen pork will be eliminated in 5 to 13 years; and
- duties that range from 40 percent to 72 percent for fresh/chilled and frozen beef cuts, and some processed beef, will be eliminated in 15 years.

The Agreement will allow Nova Scotian products to compete on a level playing field with other agricultural exporting countries that have signed or implemented a free trade agreement with South Korea, including the United States and EU members.

Industrial Goods



Some 13,400 hard-working Nova Scotians and their families depend on the industrial goods sector for their livelihood, with the sector making a significant contribution to the provincial economy.

Trade snapshot

From 2010 to 2012, Nova Scotian exports of industrial goods exports to South Korea were worth an annual average of \$3.9 million. The Canada-Korea Free Trade Agreement will significantly improve market access opportunities for Nova Scotia's industrial goods sector by eliminating tariffs on all Canadian exports of industrial goods.

The Canadian market is already largely open to global imports, including those from South Korea. Mutual tariff elimination will help make Nova Scotia exports of industrial goods more price competitive with South Korean domestic production. The free trade agreement with South Korea will also help Nova Scotia exporters maintain a competitive footing with competitors who already benefit from a free trade agreement with South Korea.

Tariff elimination

When the Agreement enters into force, over 95 percent of South Korean tariff lines for industrial products will be subject to immediate duty-free access. Nova Scotia businesses stand to gain considerably when all South Korean tariffs on industrial goods are eliminated within 10 years. Without a free trade agreement, Canadian businesses would be at a disadvantage in the South Korean market against major competitors. The Agreement will create market access opportunities for Nova Scotia exporters across a number of industries.

For example, South Korean tariffs will be eliminated on:

- scientific and precision instruments, from a current rate of up to 8 percent;
- construction machinery and equipment, from a current rate of up to 8 percent;
- textile products, including carpets, from a current rate of up to 13 percent.

Beyond tariffs

Canada and South Korea recognize the importance of fostering cooperation and transparency in standards-related measures and have committed to encourage the use of internationally recognized standards and membership in multilateral arrangements to minimize duplicative certification and testing of products, including those related to medical devices.

The Agreement will also include a mechanism that will allow either party to raise concerns with the other party's standards-related measures, with the goal of minimizing or eliminating the measures' impact on trade. Canada and South Korea have negotiated provisions that will allow citizens of the other party to participate in the development of technical regulations and conformity assessment procedures on terms no less favourable than those that apply for their own citizens. This will help minimize or eliminate barriers before they come into place.

Minimizing the impact of technical barriers will help maximize market access for Nova Scotia's exports.

Reaping the benefits

Canada has obtained a tariff outcome—the elimination of all tariffs on industrial goods—that will level the playing field with key competitors such as the United States and the European Union, and provide enhanced market access opportunities in some specific areas of interest to Nova Scotia. As a result, Nova Scotia businesses stand to gain considerably from the Canada-Korea Free Trade Agreement.

Opening new markets in South Korea for Nova Scotia's world-class services



The service sector is a key driver of Nova Scotia's economy, accounting for 79.9 percent of the province's total annual GDP and employing some 370,500 Nova Scotians in 2012.

Trade Snapshot

Canada's services exports to South Korea are worth more than \$750 million a year. Nova Scotia's key interests in this vibrant sector include tourism, environment, energy and other business services. Jobs in this sector are traditionally highly skilled and well-paying, creating important opportunities for Canadian expertise.

Improved access to markets

The Canada-Korea Free Trade Agreement will provide Canadian service suppliers with greater and more predictable access to the dynamic South Korean market. Once in force, the agreement will create a level playing field for Canadian service suppliers against key competitors from the United States and the European Union, both of whom have implemented their own respective free trade agreements with South Korea.

- The Agreement includes 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. The Agreement will establish enhanced market access in areas such as professional services (e.g. foreign legal consultancy services, commercial education and training, research and development),

environmental services and business services. This outcome is commensurate with South Korea's free trade agreement commitments with the United States and the EU.

- The Agreement uses a “negative list” approach for listing reservations to the obligation of the cross-border trade in services chapter, which means that everything is open unless otherwise listed in a reservation.
- The Agreement also ensures that any future changes that aim to make it easier for Canada's service providers to access the South Korean market (or for Canadian investors to obtain better treatment) will be locked in every time they bring improvements in access. This is referred to as the “ratchet mechanism.” This mechanism means that if South Korea liberalizes a law, policy or regulation that makes it easier for Canadians to conduct their service or investment activities in South Korea, the liberalization becomes South Korea's new obligation under the Agreement.

Temporary entry for business persons

South Korea's temporary entry commitments under the Agreement are more ambitious than any of South Korea's other free trade agreements. The Agreement's temporary-entry provisions will provide new, preferential access to the South Korean market, facilitating movement between Canada and South Korea for business visitors, traders and investors, intra-company transferees, professionals (i.e. contract service suppliers and independent professionals) and their spouses.

Under the Agreement, Canadian firms can send their employees to South Korea to fulfill service contracts, for instance, in science, engineering and IT fields. Canadian independent professionals (i.e. self-employed professionals contracted directly by a South Korean or South Korean company) such as architects, engineers, management consultants and veterinarians may enter the South Korean market with a pre-arranged contract.

In addition, the Agreement will benefit the e-commerce and telecommunications sectors.

Telecommunications

The telecommunications sector is important for the economies of Canada and South Korea. Not only is telecommunications a constantly growing service sector, it is one of the most important enablers in the modern economy, providing the means of delivering other services that Canadians depend on.

The Agreement will ensure that all players in the telecommunications market have fair access to networks and services in each other's market and that regulators act impartially, objectively and in a transparent manner. Service providers and investors will benefit from increased transparency and predictability of the regulatory environment and secure, competitive marketplaces.

E-commerce

Electronic commerce was in its infancy 20 years ago. Today, e-commerce is a part of our daily lives. Canadians shop and plan holidays online, and buy and download software and entertainment content, including movies, television programs and music. Advertisers are making increased use of “smart advertising” on the Web to track our shopping habits and promote specific deals likely to interest us.

Canada and South Korea recognize the growing economic importance and changing nature of this technologically advanced sector. To facilitate trade in the digital economy, the Agreement includes a commitment whereby both parties will not levy customs duties, fees or other charges on digital products that are transmitted electronically. As well, Canada has agreed to important measures under the Agreement aimed at building trust and confidence in the digital environment, such as those having to do with the online protection of e-commerce users' personal information.

Protecting services and policies that matter to Canadians

Nothing in the Agreement prevents governments from regulating in the public interest, including in areas related to the delivery of public services, the provision of preferential treatment for Aboriginal peoples, or the adoption of measures to protect or promote Canadian culture. For example, public services such as health, public education and other social services will be excluded the obligations of the Agreement, ensuring that governments remain free to enact the policies and programs they choose in these areas.

Reaping the benefits

The Agreement provides Canadian service providers with improved protection, predictability and transparency for conducting business, as well as greater access to South Korea's sophisticated services market.

Canadian gains under the Canada-Korea Free Trade Agreement will enable Canadian companies to compete on a level playing field with their major competitors in the South Korean market, giving them an advantage over competitors from other countries. Ultimately, this advantage will benefit the entire Canadian economy and lead to new jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

How the Canada-Korea Free Trade Agreement Will Benefit Prince Edward Island

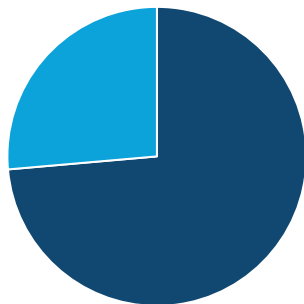


Creating jobs and opportunities for Prince Edward Islanders

Prince Edward Island stands to benefit significantly from preferred access to the South Korean market. South Korea is already Prince Edward Island's eighth-largest export destination, with exports from 2010 to 2012 worth an annual average of \$7.8 million.

Upon entry into force, the Canada-Korea Free Trade Agreement will eliminate tariffs on almost all of Prince Edward Island's key exports and provide access to new opportunities in the South Korean market. Exporters in these sectors will also benefit from other Agreement provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reinforce intellectual property rights and ensure more transparent rules for market access. Overall, Prince Edward Island has a lot to gain from the Canada-Korea Free Trade Agreement.

Merchandise exports from Prince Edward Island to South Korea (2010-2012 annual average)
(value in millions of Canadian dollars)



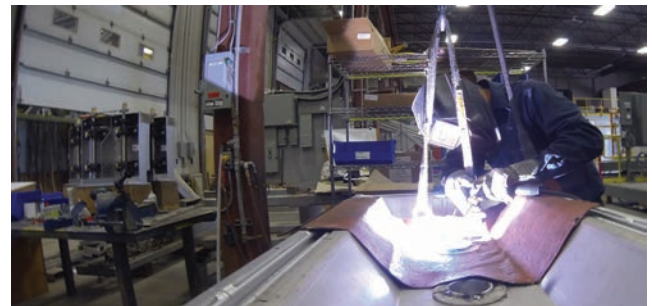
- Industrial goods, 5.3
- Agriculture and agri-food, 1.9

Top benefits for Prince Edward Island:

- duty-free access for industrial products, including rail products, electrical products, and medical devices;
- duty-free access for many agricultural and agri-food products, including frozen potatoes, hides and skins, and pig fat;
- duty-free access for fish and seafood products, including live and frozen lobster and frozen crab;
- improved access for professional services;
- predictable, non-discriminatory rules for Canadian investors;
- improved access to South Korea's government procurement market;
- strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions.

Opening new markets in South Korea for Prince Edward Island's world-class products

Industrial goods



Trade snapshot

From 2010 to 2012, Prince Edward Island's exports of industrial goods to South Korea were worth an annual average of \$5.3 million. The Canada-Korea Free Trade Agreement will significantly improve market access opportunities for Prince Edward Island's industrial goods sector by eliminating tariffs on all Canadian exports of industrial goods.

The Canadian market is already largely open to global imports, including those from South Korea. Mutual tariff elimination will help make Prince Edward Island's

exports of industrial goods more price competitive with South Korean domestic production. The free trade agreement with South Korea will also help Prince Edward Island exporters maintain a competitive footing with competitors who already have a free trade agreement with South Korea.

Tariff elimination

When the Agreement enters into force, over 95 percent of South Korean tariff lines for industrial products will be subject to immediate duty-free access. Prince Edward Island businesses stand to gain considerably when all South Korean tariffs on industrial goods are eliminated within 10 years. Without a free trade agreement, Canadian businesses would be at a disadvantage in the South Korean market against major competitors. The Agreement will create market access opportunities for Prince Edward Island exporters across a number of industries.

For example, South Korean tariffs will be eliminated on:

- rail products, from a current rate of up to 8 percent;
- electrical products, from a current rate of up to 13 percent;
- medical devices, from a current rate of up to 50 percent.

Beyond tariffs

Canada and South Korea recognize the importance of fostering cooperation and transparency in standards-related measures and have committed to encourage the use of internationally recognized standards and membership in multilateral arrangements to minimize duplicative certification and testing of products, including those related to medical devices.

The Agreement will also include a mechanism that will allow either party to raise concerns with the other party's standards-related measures, with the goal of minimizing or eliminating the measures' impact on trade. Canada and South Korea have negotiated provisions that will allow citizens of the other party to participate in the development of technical regulations and conformity assessment procedures on terms no less favourable than those that apply to their own citizens. This will help minimize or eliminate barriers before they come into place.

Minimizing the impact of technical barriers will help maximize market access for Prince Edward Island's exports.

Reaping the benefits

Canada has obtained a tariff outcome—the elimination of all tariffs on industrial goods—that will level the playing field with key competitors such as the United States and the European Union, and provide enhanced market access opportunities in some specific areas of interest to Prince Edward Island. As a result, Prince Edward Island businesses stand to gain considerably from the Canada-Korea Free Trade Agreement.

Agricultural and agri-food products



Prince Edward Island's agricultural and agri-food products sector employed over 5,600 people in 2012, and is a significant driver of economic activity in the province.

Trade snapshot

Prince Edward Island's agricultural exports to South Korea were worth an annual average of \$1.9 million from 2010 to 2012, led by frozen french fries and pig fat. Prince Edward Island will benefit from expanding exports of these and a wide variety of other products, including fresh and frozen fruits and vegetables, and processed foods. Canadian agricultural exports to South Korea currently face high tariff rates, which averaged 52.7 percent in 2012.

Tariff elimination

The Canada-Korea Free Trade Agreement will eliminate tariffs on 86.8 percent of South Korean agricultural tariff lines. This duty-free access will give Canadian agricultural products, including fruits and vegetables, preferential access to the South Korean

market, and will create a level playing field on which Canadian producers can compete with South Korea's current free trade agreement partners.

For example, South Korean tariffs will be eliminated on:

- frozen potato products (including frozen french fries), from a current rate of 18 percent;
- frozen blueberries, from a current rate of 30 percent; and
- pig fat, from a current rate of up to 3 percent.

New access for world-class Canadian potatoes

Prince Edward Island's diverse agricultural and agri-food sector is central to the rural way of life for many Islanders. Prince Edward Island is the largest potato-producing province in Canada, growing one-quarter of the potatoes in the country.

Prince Edward Island's exports of potato products to South Korea reached almost \$1.4 million in 2012. Current South Korean duties range from 18 percent to 304 percent for potato products.

The Canada-Korea Free Trade Agreement will provide for tariff elimination on most potato products, helping to level the playing field with South Korea's current free trade agreement partners.

"As a leading processor of frozen potato products, we believe a free trade agreement between Canada and South Korea presents a golden opportunity for us to grow our presence in the South Korean market, and in the Asia-Pacific region as a whole. Free trade helps to support our industry, the workers we employ, and the sale of the high-quality products that we've been producing for more than 30 years."

Vince Taddeo, VP International, Cavendish Farms

New access for world-class Canadian beef and pork

The Canada-Korea Free Trade Agreement will provide new market access opportunities for Canadian exports of beef and pork. The Agreement also recognizes the integrated nature of this industry in the North American economy, providing for rules of origin that will allow these world-class products to benefit from preferential treatment in South Korea. This is important to allow Canada to continue to compete with other countries exporting beef and pork to South Korea, including the United States and the European Union members, competitors that have benefited from lower tariffs since the implementation of the Korea-U.S. and Korea-EU free trade agreements.

Canada's share of Korean fresh, chilled and frozen pork imports dropped from 14.2 percent in 2010 (i.e., before the implementation of the Korea-U.S. and Korea-EU free trade agreements) to 8.9 percent in 2013, representing a loss in export value of \$22 million. During the same period, the U.S. and EU market share increased by 10.2 percent to reach 76.3 percent.

In 2012, following the resumption of Canada's access to South Korea's beef market, Canadian fresh, chilled and frozen beef exports to South Korea were valued at \$9.6 million. However, in 2013, Canadian beef exports declined to \$6.7 million as a result of the growing tariff differential with U.S. and EU competitors. Between 2010 and 2012, South Korean beef imports were worth an average of approximately \$1.3 billion annually, while pork imports were worth an average of approximately \$1.1 billion annually.

Under the Canada-Korea Free Trade Agreement:

- duties of up to 25 percent for fresh/chilled and frozen pork will be eliminated in 5 to 13 years; and
- duties that range from 40 to 72 percent for fresh/chilled and frozen beef cuts, and some processed beef, will be eliminated in 15 years.

Beyond tariffs

Sanitary and phytosanitary (SPS) measures are applied by governments to protect human, animal or plant life or health. These measures can from time to time impact trade in agricultural and agri-food products. The Agreement includes a chapter on SPS issues in which Canada and South Korea agree to build on their shared commitments under the WTO on the application of SPS measures. Under the WTO SPS Agreement, parties recognize the rights of WTO members to take necessary measures for the protection of human, animal or plant life or health while ensuring these measures are based on science and do not unfairly restrict trade.

Under the Agreement, Canada and South Korea will establish a new bilateral SPS committee through which experts can collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit Canadian agriculture and agri-food exporters by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers.

Reaping the benefits

South Korea is a net importer of agricultural and agri-food products, importing \$20-billion worth of such products in 2012. Canada, a significant global supplier of high-quality agricultural products, is South Korea's fifth-largest supplier of such products. The Agreement will further develop this relationship.

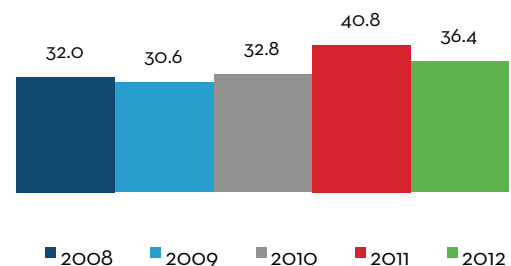
The Agreement will allow Prince Edward Island products to compete on a level playing field with other agricultural exporting countries that have signed or implemented a free trade agreement with South Korea, including the United States and the European Union members.

Fish and seafood products



The fish and seafood products sector provides jobs to more than 3,000 Prince Edward Islanders and makes a significant contribution to the provincial economy.

Fish and seafood exports from Atlantic Canada to South Korea (2008-2012)
(value in millions of Canadian dollars)



Trade snapshot

Prince Edward Island does not currently export significant volumes of fish and seafood to South Korea. However, given Prince Edward Island's current capacity to export to Asian markets, the Canada-Korea Free Trade Agreement—which will eliminate tariffs on fish and seafood that average 16.5 percent and reach as high as 47 percent—will create significant market access opportunities for Canada's fish and seafood sector, including Prince Edward Island's.

Tariff elimination

Under the Agreement, all South Korean tariffs on fish and seafood products will be eliminated. Nearly 70 percent of fish and seafood product tariff lines will

be duty-free within five years, and all remaining duties will be eliminated within 12 years. The Agreement will eliminate average South Korean tariffs of 16.5 percent in this sector—tariffs that may reach as high as 47 percent.

For example, South Korean tariffs will be eliminated on:

- live and frozen lobster, from a current rate of 20 percent;
- frozen crab, from a current rate of up to 20 percent.

Beyond tariffs

Canada and South Korea recognize the importance of ensuring that improved market access in the fisheries and seafood sector is supported by robust SPS provisions.

Under the Agreement, an SPS committee will allow experts to collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit Canadian fish and seafood exporters by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers.

Reaping the benefits

Eliminating South Korea's high tariffs in this sector will generate a price advantage for Prince Edward Island's fish and seafood exports that will facilitate the expansion of Prince Edward Island exports to South Korea's growing market.

By obtaining market access under the Agreement, Canadian companies will benefit from a more level playing field when competing against companies from key countries that already have free trade agreements with South Korea, such as the United States, the European Union members, Norway and Chile.

Atlantic Canada exports of fish and seafood to South Korea

Lobster is Canada's most valuable seafood export and an iconic Canadian crustacean exported around the world. In 2013, Atlantic Canada's exports of lobster were worth \$904.6 million and accounted for 95 percent of all Canadian lobster exports.

Canada's exports of lobster to South Korea averaged \$16.9 million annually between 2010 and 2012, and accounted for nearly 37 percent of Canada's total fish and seafood exports during that period.

Under the Canada-Korea Free Trade Agreement, current duties of up to 20 percent on lobster products faced by Canadian exporters will be eliminated. This duty-free access will give Canadian products preferential access to the South Korean market, and will create a level playing field with South Korea's current free trade agreement partners.

"The Lobster Council of Canada supports a Canada-South Korea free trade agreement, as it will greatly enhance our industry's competitiveness in South Korea. Tariff elimination and improved market access for lobster exports helps to ensure the long-term prosperity of our industry and the thousands of people it employs in Atlantic Canada."

Geoff Irvine, Executive Director, Lobster Council of Canada

Opening new markets in South Korea for Prince Edward Island's world-class services



The service sector is a key driver of Prince Edward Island's economy, accounting for 77.8 percent of the province's total GDP and employing over 55,000 Islanders in 2012.

Trade snapshot

Canada's service exports to South Korea are worth more than \$750 million a year. Jobs in this sector are traditionally highly skilled and well-paying, creating important opportunities for Canadian expertise.

Improved access to markets

The Canada-Korea Free Trade Agreement will provide Canadian service suppliers with greater and more predictable access to the dynamic South Korean market. Once in force, the Agreement will create a level playing field for Canadian service suppliers against key competitors from the United States and the European Union countries, all of which have free trade agreements with South Korea.

- The Agreement includes 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. The Agreement will establish enhanced market access in areas such as professional services (e.g. foreign legal consultancy services, commercial education and training, research and development), environmental services, and business services. This outcome is commensurate with South Korea's free

trade agreement commitments with the United States and the European Union.

- The Agreement uses a "negative list" approach for listing reservations to the obligation of the cross-border trade in services chapter, which means that everything is open unless otherwise listed in a reservation.
- The Agreement also ensures that any future changes that aim to make it easier for Canada's service providers to access the South Korean market (or for Canadian investors to obtain better treatment) will be locked in every time they bring improvements in access. This is referred to as the "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 Agreement.

Temporary entry for business persons

South Korea's temporary entry commitments under the Agreement are more ambitious than under any of South Korea's other free trade agreements. The Agreement's temporary-entry provisions will provide new, preferential access to the South Korean market, facilitating movement between Canada and South Korea for business visitors, traders and investors, intra-company transferees, professionals (i.e. contract service suppliers and independent professionals) and their spouses.

Under the Agreement, Canadian firms can send their employees to South Korea to fulfill service contracts, for instance, in the science, engineering and IT fields. Canadian Independent Professionals (i.e. self-employed professionals contracted directly by a South Korean or South Korean company) such as architects, engineers, management consultants and veterinarians may enter the South Korean market with a pre-arranged contract.

In addition, the Agreement will benefit the e-commerce and telecommunications sectors:

Telecommunications

The telecommunications sector is important for the economies of Canada and South Korea. Not only is telecommunications a constantly growing service sector, it is one of the most important enablers in the modern

economy, providing the means of delivering other services that Canadians depend on.

The Agreement will ensure that all players in the telecommunications market have fair access to networks and services in each other's market and that regulators act impartially, objectively and in a transparent manner. Service providers and investors will benefit from increased transparency and predictability of the regulatory environment and secure, competitive marketplaces.

E-commerce

Electronic commerce was in its infancy 20 years ago. Today, e-commerce is a part of our daily lives. Canadians shop and plan holidays online, and buy and download software and entertainment content, including movies, television programs and music. Advertisers are making increased use of "smart advertising" on the Web to track our shopping habits and promote specific deals likely to interest us.

Canada and South Korea recognize the growing economic importance and changing nature of this technologically advanced sector. To facilitate trade in the digital economy, the Agreement includes a commitment whereby both parties will not levy customs duties, fees or other charges on digital products that are transmitted electronically. As well, Canada has agreed to important measures under the Agreement aimed at building trust and confidence in the digital environment, such as those having to do with the online protection of e-commerce users' personal information.

Protecting services and policies that matter to Canadians

Nothing in the Agreement prevents governments from regulating in the public interest, including in areas related to the delivery of public services, the provision of preferential treatment for Aboriginal peoples, or the adoption of measures to protect or promote Canadian culture. For example, public services such as health, public education and other social services will be excluded from the obligations of the Agreement, ensuring that governments remain free to enact the policies and programs they choose in these areas.

Reaping the benefits

The Agreement provides Canadian service providers with improved protection, predictability and transparency for conducting business, as well as greater access to South Korea's sophisticated service market.

Canadian gains under the Canada-Korea Free Trade Agreement will enable Canadian companies to compete on a level playing field with their major competitors in the South Korean market, giving them an advantage over competitors from other countries. Ultimately, this advantage will benefit the entire Canadian economy and lead to new jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

How the Canada-Korea Free Trade Agreement Will Benefit New Brunswick

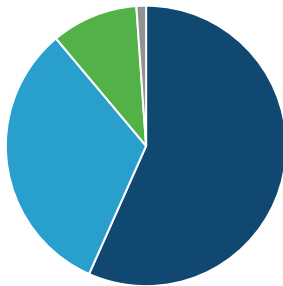


Creating jobs and opportunities for New Brunswickers

New Brunswick stands to benefit from preferred access to the South Korean market. From 2010 to 2012, New Brunswick's exports to South Korea were worth an annual average of \$9.1 million.

Upon entry into force, the Canada-Korea Free Trade Agreement will eliminate tariffs on almost all of New Brunswick's key exports and provide access to new opportunities in the South Korean market. Exporters in these sectors will also benefit from other Agreement provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reinforce intellectual property rights and ensure more transparent rules for market access. Overall, New Brunswick has a lot to gain from the Canada-Korea Free Trade Agreement.

Merchandise exports from New Brunswick to South Korea (2010-2012 annual average)
(value in millions of Canadian dollars)



- Fish and seafood, 5.1
- Industrial goods, 2.9
- Forestry and value-added wood products, 0.9
- Agriculture and agri-food, 0.1

Top benefits for New Brunswick:

- duty-free access for fish and seafood products, including lobster and eels;
- duty-free access for many agricultural and agri-food products, including frozen french fries and maple syrup;
- duty-free access for industrial products, including information technology products, industrial and power-generating machinery and equipment;
- improved access for professional services;
- predictable, non-discriminatory rules for Canadian investors;
- improved access to South Korea's government procurement market;
- strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions.

Opening new markets in South Korea for New Brunswick's world-class products

Fish and seafood products



The fish and seafood products sector provides jobs to some 7,100 New Brunswickers and makes a significant contribution to the provincial economy.

Trade snapshot

New Brunswick's fish and seafood exports to South Korea were worth an average of \$5.1 million annually between 2010 and 2012. Canadian fish and seafood exports to South Korea face tariffs of up to 47 percent. The Canada-Korea Free Trade Agreement will create significant market access opportunities for Canada's

fish and seafood sector by eliminating South Korea's high tariffs on all fish and seafood products.

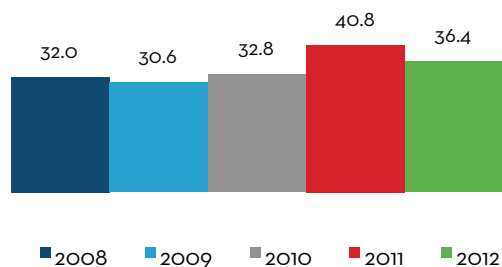
Tariff elimination

Under the Agreement, all South Korean tariffs on fish and seafood products will be eliminated. Nearly 70 percent of fish and seafood product tariff lines will be duty free within five years and all remaining duties will be eliminated within 12 years. The Agreement will eliminate average South Korean tariffs of 16.5-percent in this sector—tariffs which may reach as high as 47 percent.

For example, South Korean tariffs will be eliminated on:

- live and frozen lobster, from a current rate of 20 percent;
- frozen eels, from a current rate of 10 percent; and
- live eels, from a current rate of up to 27 percent.

Fish and seafood exports from Atlantic Canada to South Korea (2008-2012)
(value in millions of Canadian dollars)



Beyond tariffs

Canada and South Korea recognize the importance of ensuring that improved market access in the fisheries and seafood sector are supported by robust sanitary and phytosanitary (SPS) provisions.

Under the Agreement, an SPS committee will allow experts to collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit Canadian fish and seafood exporters by helping to

ensure that market access gains are not undermined by unjustified SPS trade barriers.

Atlantic Canada exports of fish and seafood to South Korea

Lobster is Canada's most valuable seafood export and an iconic Canadian crustacean exported around the world. In 2013, Atlantic Canada's exports of lobster were worth \$904.6 million and accounted for 95 percent of all Canadian lobster exports.

Canada's exports of lobster to South Korea averaged \$16.9 million annually between 2010 and 2012, and accounted for nearly 37 percent of Canada's total fish and seafood exports during that period.

Under the Canada-Korea Free Trade Agreement, current duties of up to 20 percent on lobster products faced by Canadian exporters will be eliminated. This duty-free access will give Canadian products preferential access to the South Korean market, and will create a level playing field with South Korea's current free trade agreement partners.

"The Lobster Council of Canada supports a Canada-South Korea free trade agreement, as it will greatly enhance our industry's competitiveness in South Korea. Tariff elimination and improved market access for lobster exports helps to ensure the long-term prosperity of our industry and the thousands of people it employs in Atlantic Canada."

Geoff Irvine, Executive Director, Lobster Council of Canada

Reaping the benefits

Eliminating South Korea's high tariffs in this sector will generate a price advantage for New Brunswick's fish and seafood exports that will facilitate the expansion of Canadian exports to South Korea's growing market.

By obtaining market access under the Agreement, Canadian companies will benefit from a more level

playing field when competing against companies from key countries that already have free trade agreements with South Korea, such as the United States, the European Union, Norway and Chile.

Industrial goods



Some 6,700 hard-working New Brunswickers and their families depend for their livelihood on the industrial goods sector, a significant driver of economic activity in the province.

Trade snapshot

From 2010 to 2012, New Brunswick's exports of industrial goods to South Korea were worth an annual average of \$2.9 million. The Canada-Korea Free Trade Agreement will significantly improve market access opportunities for New Brunswick's industrial goods sector by eliminating tariffs on all Canadian exports of industrial goods.

The Canadian market is already largely open to global imports, including those from South Korea. Mutual tariff elimination will help make New Brunswick exports of industrial goods more price competitive with South Korean domestic production. The Agreement will also help New Brunswick exporters maintain a competitive footing with competitors who have already secured an FTA with South Korea.

Tariff elimination

When the Agreement enters into force, over 95 percent of South Korean tariff lines for industrial products will be subject to immediate duty-free access. New Brunswick businesses stand to gain considerably when all South Korean tariffs on industrial goods are eliminated within 10 years. Without the Agreement, Canadian businesses would be at a disadvantage in the South Korean market against major competitors. The

Agreement will create market access opportunities for New Brunswick exporters across a number of industries.

For example, South Korean tariffs will be eliminated on:

- information technology products, from a current rate of up to 13 percent;
- industrial machinery, from a current rate of up to 8 percent;
- power-generating machinery, from a current rate of up to 8 percent.

Beyond tariffs

Canada and South Korea recognize the importance of fostering cooperation and transparency in standards-related measures and have committed to encourage the use of internationally recognized standards and membership in multilateral arrangements to minimize duplicative certification and testing of products, including those related to medical devices.

The Agreement will also include a mechanism that will allow either party to raise concerns with the other party's standards-related measures, with the goal of minimizing or eliminating the measures' impact on trade. Canada and South Korea have negotiated provisions that will allow citizens of the other party to participate in the development of technical regulations and conformity assessment procedures on terms no less favourable than those that apply to their own citizens. This will help minimize or eliminate barriers before they come into place.

Minimizing the impact of technical barriers will help maximize market access for New Brunswick's exports.

Reaping the benefits

Canada has obtained a tariff outcome—the elimination of all tariffs on industrial goods—that will level the playing field with key competitors such as the United States and the European Union, and provide enhanced market access opportunities in some specific areas of interest to New Brunswick. As a result, New Brunswick businesses stand to gain considerably from the Canada-Korea Free Trade Agreement.

Agricultural and agri-food products



New Brunswick's agricultural and agri-food products sector employed over 4,800 people in 2012 and makes a significant contribution to the provincial economy.

Trade snapshot

New Brunswick's agricultural exports to South Korea were worth an annual average of \$140,000 from 2010 to 2012, led by frozen french fries, molasses and maple syrup. New Brunswick will benefit from expanding exports of these and a wide variety of other products, including processed foods such as frozen fruits and food preparations. Canadian agricultural exports to South Korea currently face high tariff rates, which averaged 52.7 percent in 2012.

Tariff elimination

The Canada-Korea Free Trade Agreement will eliminate tariffs on 86.8 percent of agricultural tariff lines. This duty-free access will give Canadian agricultural products, including potatoes and pork, preferential access to the South Korean market and will create a level playing field on which Canadian producers can compete with South Korea's current FTA partners.

For example, South Korean tariffs will be eliminated on:

- frozen potatoes (including french fries), from a current rate of 18 percent;
- maple syrup, from a current rate of 8 percent;
- molasses, from a current rate of 3 percent; and
- blueberries and other berries, from a current rate of 30 to 45 percent.

Beyond tariffs

Sanitary and phytosanitary (SPS) measures are applied by governments to protect human, animal or plant life or health. These measures can from time to time impact trade in agricultural and agri-food products. The Agreement includes a chapter that addresses SPS issues in which Canada and South Korea agree to build on their shared commitments under the WTO on the application of SPS measures. Under the WTO SPS Agreement, parties recognize the rights of WTO members to take necessary measures for the protection of human, animal or plant life or health while ensuring these measures are based on science and do not unfairly restrict trade.

Under the Agreement, Canada and South Korea will establish a new bilateral SPS committee through which experts can collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit New Brunswick agricultural and agri-food exporters by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers.

Reaping the benefits

South Korea is a net importer of agricultural and agri-food products, importing \$20-billion worth of such products in 2012. Canada, a significant global supplier of high-quality agricultural products, is South Korea's fifth-largest supplier of such products. The Agreement will further develop this relationship.

The Agreement will allow New Brunswick products to compete on a level playing field with other agricultural exporting countries that have signed or implemented free trade agreements with South Korea, including the United States and the European Union.

New access for world-class Canadian beef and pork

The Canada-Korea Free Trade Agreement will provide new market access opportunities for Canadian exports of beef and pork. The Agreement also recognizes the integrated nature of this industry in the North American economy, providing for rules of origin that will allow these world-class products to benefit from preferential treatment in South Korea. This is important to allow Canada to continue to compete with other countries exporting beef and pork to South Korea, including the United States and the European Union, competitors that have benefited from lower tariffs since the implementation of the Korea-U.S. and Korea-EU FTAs.

Canada's share of Korean fresh, chilled and frozen pork imports dropped from 14.2 percent in 2010 (i.e., before the implementation of the Korea-U.S. and Korea-EU free trade agreements) to 8.9 percent in 2013, representing a loss in export value of \$22 million. During the same period, U.S. and EU market share increased by 10.2 percent to reach 76.3 percent.

In 2012, following the resumption of Canada's access to South Korea's beef market, Canadian fresh, chilled and frozen beef exports to South Korea were valued at \$9.6 million. However, in 2013, Canadian beef exports declined to \$6.7 million as a result of the growing tariff differential with U.S. and EU competitors. Between 2010 and 2012, South Korean beef imports were worth an average of approximately \$1.3 billion annually, while pork imports were worth an average of approximately \$1.1 billion annually.

Under the Canada-Korea Free Trade Agreement:

- duties of up to 25 percent for fresh, chilled and frozen pork will be eliminated in 5 to 13 years; and
- duties that range from 40 to 72 percent for fresh, chilled and frozen beef cuts, and some processed beef, will be eliminated in 15 years.

Opening new markets in South Korea for the New Brunswick's world-class services



The services sector is a key driver of New Brunswick's economy, accounting for 75.1 percent of the province's total GDP and employing close to 277,000 New Brunswickers in 2012.

Trade snapshot

Canada's services exports to South Korea are worth more than \$750 million a year. New Brunswick's key export interests in this vibrant sector include tourism, information and communications technology (ICT), and environment. Jobs in this sector are traditionally highly skilled and well-paying, creating important opportunities for Canadian expertise.

Improved access to markets

The Canada-Korea Free Trade Agreement will provide Canadian service suppliers with greater and more predictable access to the dynamic South Korean market. Once in force, the agreement will create a level playing field for Canadian service suppliers against key competitors from the United States and the European Union, both of whom have implemented their own respective FTAs with South Korea.

- The Agreement includes 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. The Agreement will establish enhanced market access in areas such as professional services (e.g. foreign legal consultancy services, commercial education and training, research and development),

environmental services, and business services. This outcome is commensurate with South Korea's free trade agreement commitments to the United States and the European Union.

- The Agreement uses a “negative list” approach for listing reservations to the obligation of the cross-border trade in services chapter, which means that everything is open unless otherwise listed in a reservation.
- The Agreement also ensures that any future changes that aim to make it easier for Canada's service providers to access the South Korean market (or for Canadian investors to obtain better treatment) will be locked in every time they bring improvements in access. This is referred to as the “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 Agreement.

Temporary entry for business persons

South Korea's temporary entry commitments under the Agreement are more ambitious than any of South Korea's other free trade agreements. The Agreement's temporary-entry provisions will provide new, preferential access to the South Korean market, facilitating movement between Canada and South Korea for business visitors, traders and investors, intra-company transferees, professionals (i.e. contract service suppliers and independent professionals) and their spouses.

Under the Agreement, Canadian firms can send their employees to South Korea to fulfill service contracts, for instance, in science, engineering and IT fields. Canadian independent professionals (i.e. self-employed professionals contracted directly by a South Korean or South Korean company) such as architects, engineers, management consultants and veterinarians may enter the South Korean market with a pre-arranged contract.

In addition, the Agreement will benefit the e-commerce and telecommunications sectors.

Telecommunications

The telecommunications sector is important for the economies of Canada and South Korea. Not only is telecommunications a constantly growing service sector, it is one of the most important enablers in the modern economy, providing the means of delivering other services that Canadians depend on.

The Agreement will ensure that all players in the telecommunications market have fair access to networks and services in each other's market and that regulators act impartially, objectively and in a transparent manner. Service providers and investors will benefit from increased transparency and predictability of the regulatory environment and secure, competitive marketplaces.

E-commerce

Electronic commerce was in its infancy 20 years ago. Today, e-commerce is part of our daily lives. Canadians shop and plan holidays online, and buy and download software and entertainment content, including movies, television programs and music. Advertisers are making increased use of “smart advertising” on the Web to track our shopping habits and promote specific deals likely to interest us.

Canada and South Korea recognize the growing economic importance and changing nature of this technologically advanced sector. To facilitate trade in the digital economy, the Agreement includes a commitment whereby both parties will not levy customs duties, fees or other charges on digital products that are transmitted electronically. As well, Canada has agreed to important measures under the Agreement aimed at building trust and confidence in the digital environment, such as those having to do with the online protection of e-commerce users' personal information.

Protecting services and policies that matter to Canadians

Nothing in the Agreement prevents governments from regulating in the public interest, including in areas related to the delivery of public services, the provision of preferential treatment for Aboriginal peoples, or the adoption of measures to protect or promote Canadian culture. For example, public services such as health, public education and other social services will be excluded from the obligations of the Agreement, ensuring that governments remain free to enact the policies and programs they choose in these areas.

Reaping the benefits

The Agreement provides Canadian service providers with improved protection, predictability and transparency for conducting business, as well as greater access to South Korea's sophisticated services market.

Canadian gains under the Canada-Korea Free Trade Agreement will enable Canadian companies to compete on a level playing field with their major competitors in the South Korean market, giving them an advantage over competitors from other countries. Ultimately, this advantage will benefit the entire Canadian economy and lead to new jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

How the Canada-Korea Free Trade Agreement Will Benefit Quebec



Creating jobs and opportunities for Quebecers

Quebec stands to benefit significantly from preferred access to the South Korean market. South Korea is already Quebec's 15th-largest export destination, with exports from 2010 to 2012 worth an annual average of \$379.4 million.

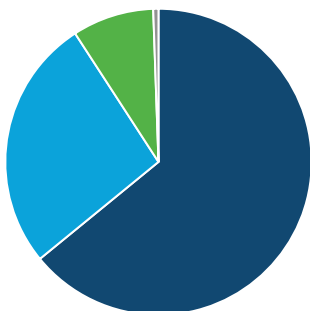
Upon entry into force, the Canada-Korea Free Trade Agreement will eliminate tariffs on almost all of Quebec's key exports and provide access to new opportunities in the South Korean market. Exporters in these sectors will also benefit from other Agreement provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reinforce intellectual property rights and ensure more transparent rules for market access. Overall, Quebec has a lot to gain from the Canada-Korea Free Trade Agreement.

Top benefits for Quebec:

- duty-free access for industrial goods, including aircraft parts, cosmetics, metals, gas turbines, and scientific instruments;
- enhanced market access for many agricultural and agri-food products, including pork, maple syrup, animal feed and soybeans;
- duty-free access for forestry products, including value-added wood products such as lumber, flooring and oriented strand board;
- improved access for professional services;
- predictable, non-discriminatory rules for Canadian investors;
- improved access to South Korea's government procurement market; and
- strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions.

Opening new markets in South Korea for Quebec's world-class products

Merchandise exports from Quebec to South Korea (2010-2012 annual average)
(value in millions of Canadian dollars)



- Industrial goods, 232.2
- Agriculture and agri-food, 96.9
- Forestry and value-added wood products, 31.2
- Fish and seafood, 0.2

Industrial goods



Some 295,000 hard-working Quebecers and their families depend on the industrial goods sector for their livelihood, with the sector accounting for approximately 11 percent of Quebec's GDP.

Trade snapshot

From 2010 to 2012, Quebec's exports of industrial goods to South Korea were worth an annual average of \$232.2 million. The Canada-Korea Free Trade Agreement will significantly improve market access

opportunities for Quebec's industrial goods sector by eliminating tariffs on all Canadian exports of industrial goods.

The Canadian market is already largely open to global imports, including those from South Korea. Mutual tariff elimination will help make Quebec exports of industrial goods more price competitive with South Korean domestic production. The Agreement will also help Quebec exporters maintain a competitive footing against major competitors that already benefit from a free trade agreement with South Korea.

Tariff elimination

When the Agreement enters into force, over 95 percent of South Korean tariff lines for industrial products will be subject to immediate duty-free access. Quebec businesses stand to gain considerably when all South Korean tariffs on industrial goods are eliminated within 10 years. Without a free trade agreement, Canadian businesses would be at a disadvantage in the South Korean market against major competitors. A free trade agreement will create market access opportunities for Quebec exporters across a number of industries.

For example, South Korean tariffs will be eliminated on:

- flight simulators, from a current rate of up to 5 percent;
- cosmetics, from a current rate of up to 6.5 percent;
- ferro-alloys, from a current rate of up to 3 percent;
- gas turbines, from a current rate of up to 8 percent; and
- scientific instruments, from a current rate of up to 8 percent.

Aerospace



All South Korean tariffs (as high as 8 percent) on the types of products that were exported from Quebec to

South Korea between 2010 to 2012 will be eliminated immediately upon the Agreement's entry into force.

Beyond tariffs

Canada and South Korea recognize the importance of fostering cooperation and transparency in standards-related measures and have committed to encourage the use of internationally recognized standards and membership in multilateral arrangements to minimize duplicative certification and testing of products, including those related to medical devices.

The Agreement will also include a mechanism that will allow either party to raise concerns with the other party's standards-related measures, with the goal of minimizing or eliminating the measures' impact on trade. Canada and South Korea have negotiated provisions that will allow citizens of the other party to participate in the development of technical regulations and conformity assessment procedures on terms no less favourable than those that apply for their own citizens. This will help minimize or eliminate barriers before they come into place.

Minimizing the impact of technical barriers will help maximize market access for Quebec's exports.

New access for world-class Canadian cosmetics

Quebec's cosmetics industry generates over \$500 million in annual revenue and accounts for close to 50 percent of Canada's production of cosmetics.

Quebec's exports of cosmetics to South Korea were worth almost \$17 million in 2012.

Under the Canada-Korea Free Trade Agreement, current duties of up to 6.5 percent on cosmetics faced by Canadian exporters will be eliminated within five years. This duty-free access will give Canadian products preferential access to the South Korean market and will create a level playing field with South Korea's current free trade agreement partners.

Reaping the benefits

Canada has obtained a tariff outcome—the elimination of all tariffs on industrial goods—that will level the playing field with key competitors such as the United

States and the European Union, and provide enhanced market access opportunities in some specific areas of interest to Quebec. As a result, Quebec businesses stand to gain considerably from the Canada-Korea Free Trade Agreement.

“Over the past decade, the trend toward high-volume containerized shipment of goods has allowed the Port of Montréal to expand its global reach. Emerging markets in Asia now account for 14 percent of our containerized traffic, while their presence here was almost non-existent in the 2000s. Although cargo shipping to and from South Korea represents for us a relatively small volume of activity stemming from the Asian region, a free trade agreement can only increase our imports from and exports to that country.”

Sylvie Vachon, President and CEO, Montréal Port Authority

Agricultural and agri-food products



Quebec’s agricultural and agri-food products sector employed over 138,000 people in 2012 and is a significant driver of economic activity in the province.

Trade snapshot

Quebec’s agricultural exports to South Korea were worth an annual average of \$96.9 million from 2010 to 2012, led by pork, malt extract, food preparation and maple syrup. Quebec will benefit from expanding exports of these and a wide variety of other products, including animal fats, soy beans, animal feed and fruits such as cranberries and blueberries. Canadian agricultural exports to South Korea currently face high tariff rates, which averaged 52.7 percent in 2012.

Tariff elimination

The Canada-Korea Free Trade Agreement will eliminate tariffs on 86.8 percent of agricultural tariff lines. This duty-free access will give Canadian agricultural products, including pork, maple syrup and fruit, preferential access to the South Korean market, and will create a level playing field on which Canadian producers can compete with South Korea’s current free trade agreement partners.

For example, South Korean tariffs will be eliminated on:

- pork and most processed pork products, from a current rate of up to 30 percent;
- most food preparations, from a current rate of up to 30 percent;
- maple syrup, from a current rate of 8 percent;
- pig fat and lard oils, from a current rate of up to 3 percent;
- animal feed, from a current rate of up to 50.6 percent;
- blueberries and other berries, from a current rate of 30 to 45 percent; and
- food-grade soybeans for soy sauce and soy-cake, from a current rate of up to 487 percent.

In addition, Canada will receive duty-free access within a permanent tariff rate quota (TRQ) for food-grade identity-preserved soybeans: from an initial volume of 5,000 tonnes, increasing to 17,000 tonnes by year 10 of the Agreement; current duties of up to 487 percent.

Beyond tariffs

Sanitary and phytosanitary (SPS) measures are applied by governments to protect human, animal or plant life or health. These measures can from time to time impact trade in agricultural and agri-food products. The Agreement includes a chapter on SPS issues in which Canada and South Korea agree to build on their shared commitments under the WTO on the application of SPS measures. Under the WTO SPS Agreement, parties recognize the rights of WTO members to take necessary measures for the protection of human, animal or plant life or health while ensuring these measures are based on science and do not unfairly restrict trade.

Under the Agreement, Canada and South Korea will establish a new bilateral SPS committee through which experts can collaborate and consult on SPS measures to

enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit agricultural and agri-food exporters from Quebec by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers.

Reaping the benefits

South Korea is a net importer of agricultural and agri-food products, importing \$20-billion worth of such products in 2012. Canada, a significant global supplier of high-quality agricultural products, is South Korea's fifth-largest supplier of such products. The Agreement will further develop this relationship.

The Agreement will allow Quebec products to compete on a level playing field with other agricultural exporting countries that have signed or implemented a free trade agreement with South Korea, including the United States and the European Union members.

“The Canada-Korea Free Trade Agreement should put us on a level playing field with our competitors. Asian countries currently represent interesting and lucrative export markets for our industry.”

David Boissonneault, President, Éleveurs de porcs du Québec [Quebec hog producers]

New access for world-class Canadian beef and pork

The Canada-Korea Free Trade Agreement will provide new market access opportunities for Canadian exports of beef and pork. The Agreement also recognizes the integrated nature of this industry in the North American economy, providing for rules of origin that will allow these world-class products to benefit from preferential treatment in South Korea. This is important to allow Canada to continue to compete with other countries exporting beef and pork to South Korea, including the United States and the European Union members, competitors that have benefited from lower tariffs since the implementation of the Korea-U.S. and the Korea-EU free trade agreements.

Canada's share of Korean fresh, chilled and frozen pork imports dropped from 14.2 percent in 2010 (i.e., before the implementation of the Korea-U.S. and the Korea-EU free trade agreements) to 8.9 percent in 2013, representing a loss in export value of \$22 million. During the same period, the U.S. and EU market share increased by 10.2 percent to reach 76.3 percent.

In 2012, following the resumption of Canada's access to South Korea's beef market, Canadian fresh, chilled and frozen beef exports to South Korea were valued at \$9.6 million. However, in 2013, Canadian beef exports declined to \$6.7 million as a result of the growing tariff differential with U.S. and EU competitors. Between 2010 and 2012, South Korean beef imports were worth an average of approximately \$1.3 billion annually, while pork imports were worth an average of approximately \$1.1 billion annually.

Under the Canada-Korea Free Trade Agreement:

- duties of up to 25 percent for fresh/chilled and frozen pork will be eliminated in 5 to 13 years; and
- duties that range from 40 to 72 percent for fresh/chilled and frozen beef cuts, and some processed beef, will be eliminated in 15 years.

Forestry and value-added wood products



The forestry products sector is made up of value-added wood products, other forestry products (such as cork and basketwork) and pulp and paper. Quebec's forestry products sector employed over 76,000 people in 2012 and is a significant component of the Quebec economy.

Trade snapshot

Quebec's exports of forestry and value-added wood products to South Korea were worth an average of \$31.2 million annually between 2010 and 2012. The free trade agreement with South Korea will provide a significant advantage for Canada's wood and forestry producers and exporters in further expanding market opportunities in South Korea. While all South Korean pulp and paper tariff lines and the majority of other forestry product tariff lines are already duty-free, South Korean wood tariff lines have significant tariffs—as high as 10 percent—which present a competitive disadvantage for Canadian exporters.

Tariff elimination

Under the Canada-Korea Free Trade Agreement, all South Korean tariffs on forestry and value-added wood products will be eliminated. Over 57 percent of tariff lines for forestry and value-added wood products will be duty-free upon the Agreement's implementation. A further 13.1 percent will become duty-free within three years. Duties on the remaining tariff lines of Canada's exports will be eliminated within 10 years. Current duties average 2.9 percent, with tariff peaks of up to 10 percent.

With Canada's current capacity to export to Asian markets, and the removal of South Korea's tariffs on these products, the Agreement will provide the Canadian forestry sector with new market access,

offering diversification and export opportunities to Canadian industry. This outcome on forestry and value-added wood products will provide Canada with market access commensurate with that obtained by the United States under the U.S.-Korea Free Trade Agreement (KORUS).

For example, South Korean tariffs will be eliminated on:

- maple, oak, and other hardwood lumber, from a current rate of 5 percent;
- maple flooring, from a current rate of 8 percent;
- oriented strand board, from a current rate of 8 percent;
- particle board, from a current rate of 8 percent; and
- plywood, from a current rate of up to 10 percent.

Beyond tariffs

The Agreement contains strong provisions on non-tariff measures that will ensure that market access gains in the forestry and wood building products sectors are not undermined by unjustified trade barriers. For example, the Agreement requires the use of internationally accepted standards (in the absence of a compelling reason not to) and contains strong transparency-related commitments that go beyond existing WTO obligations, which will make it easier for Canadians and South Koreans to work together on the development of technical regulations and standards, and help to prevent the introduction of new technical barriers to trade, including in the areas of forestry and wood building products.

The Agreement also establishes various institutional mechanisms of relevance for this sector. For instance, the Agreement creates a sub-committee on trade in forest products that will facilitate addressing any issues related to trade in forest products. The Agreement also provides for a working group—specifically related to wood building products—designed to facilitate trade through cooperation and information sharing, including in the areas of standards and regulatory issues. The Agreement also establishes a sanitary and phytosanitary (SPS) committee that will enable experts to collaborate and consult on forestry-related SPS issues.

Reaping the benefits

Canada has a competitive advantage in the production of forestry and value-added wood products and is one

of the top exporters worldwide. Canadian producers and exporters of forestry and value-added wood products already have the capacity to export to Asian markets. The Agreement will create new opportunities to further develop existing and new markets in South Korea and the Asia-Pacific region.

“A prosperous economy requires greater openness and diversification of economic and trade relations between states. For this reason, the conclusion of a free trade agreement between Canada and South Korea is good news. This agreement will create greater mobility of goods and people, and foster investment and the creation and retention of quality jobs throughout the country. Moreover, efforts in the areas of training and information will be needed to enable employers in Quebec and the rest of Canada to benefit even more from the new commercial opportunities that will open up in strategic business lines in which they already have a relative advantage and recognized expertise.”

Yves-Thomas Dorval, President, Quebec Employers Council

“The strategy to diversify the export markets of Canadian companies must be based on preferential access to large-scale markets. The free trade agreement with South Korea will give our export companies a business advantage in a country that is experiencing phenomenal growth. We congratulate the Government of Canada on this strategic move, which is a direct response to demand from the business community.”

Michel Leblanc, President and CEO, Board of Trade of Metropolitan Montréal

Opening new markets in South Korea for Quebec’s world-class services



Service industries are vital to both the Canadian and Quebec economy. The service sector accounted for 71.9 percent of Quebec’s overall GDP and employed over 3.1 million Quebecers in 2012.

Trade snapshot

Canada’s service exports to South Korea are worth more than \$750 million a year. Quebec’s key export interests in this vibrant sector include environmental services, research and development, engineering, architecture and other professional services. Jobs in this sector are traditionally highly skilled and well-paying, creating important opportunities for Canadian expertise.

Improved access to markets

The Canada-Korea Free Trade Agreement will provide Canadian service suppliers with greater and more predictable access to the dynamic South Korean market. Once in force, the Agreement will create a level playing field for Canadian service suppliers against key competitors from the United States and the European Union, both of which have implemented their own respective free trade agreements with South Korea.

- The Agreement includes 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. The Agreement will establish enhanced market access in areas such as professional services (e.g. foreign legal consultancy services, commercial education and training, research and development),

environmental services, and business services. This outcome is commensurate with South Korea's free trade agreement commitments with the United States and the European Union.

- The Agreement uses a “negative list” approach for listing reservations to the obligation of the cross-border trade in services chapter, which means that everything is open unless otherwise listed in a reservation.
- The Agreement also ensures that any future changes that aim to make it easier for Canada's service providers to access the South Korean market (or for Canadian investors to obtain better treatment) will be locked in every time they bring improvements in access. This is referred to as the “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 Agreement.

Temporary entry for business persons

South Korea's temporary entry commitments under the Agreement are more ambitious than any of South Korea's other free trade agreements. The Agreement's temporary-entry provisions will provide new, preferential access to the South Korean market, facilitating movement between Canada and South Korea for business visitors, traders and investors, intra-company transferees, professionals (i.e. contract service suppliers and independent professionals) and their spouses.

Under the Agreement, Canadian firms can send their employees to South Korea to fulfill service contracts, for instance, in the science, engineering and IT fields. Canadian Independent Professionals (i.e. self-employed professionals contracted directly by a South Korean or South Korean company) such as architects, engineers, management consultants and veterinarians may enter the South Korean market with a pre-arranged contract.

In addition, the Agreement will benefit the e-commerce and telecommunications sectors:

Telecommunications

The telecommunications sector is important for the economies of Canada and South Korea. Not only is telecommunications a constantly growing service sector,

it is one of the most important enablers in the modern economy, providing the means of delivering other services that Canadians depend on.

The Agreement will ensure that all players in the telecommunications market have fair access to networks and services in each other's market and that regulators act impartially, objectively and in a transparent manner. Service providers and investors will benefit from increased transparency and predictability of the regulatory environment and secure, competitive marketplaces.

E-commerce

Electronic commerce was in its infancy 20 years ago. Today, e-commerce is a part of our daily lives. Canadians shop and plan holidays online, and buy and download software and entertainment content, including movies, television programs and music. Advertisers are making increased use of “smart advertising” on the Web to track our shopping habits and promote specific deals likely to interest us.

Canada and South Korea recognize the growing economic importance and changing nature of this technologically advanced sector. To facilitate trade in the digital economy, the Agreement includes a commitment whereby both parties will not levy customs duties, fees or other charges on digital products that are transmitted electronically. As well, Canada has agreed to important measures under the Agreement aimed at building trust and confidence in

the digital environment, such as those having to do with the online protection of e-commerce users' personal information.

How the Canada-Korea Free Trade Agreement Will Benefit Ontario



Creating jobs and opportunities for Ontarians

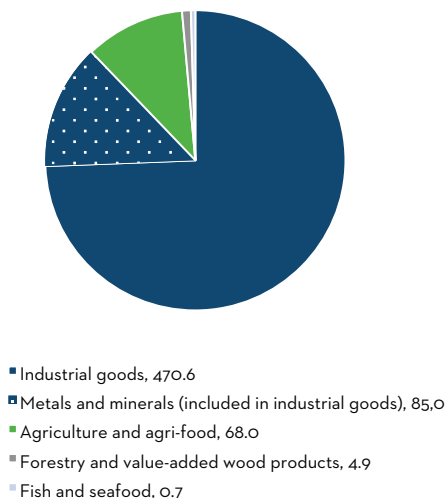
Ontario stands to benefit significantly from preferred access to the South Korean market. South Korea is Ontario's 16th-largest export destination, with exports from 2010 to 2012 worth an annual average of \$548.5 million.

Upon entry into force, the Canada-Korea Free Trade Agreement will eliminate tariffs on almost all of Ontario's key exports—tariffs that have prevented workers and businesses from benefiting from the full potential of the goods they produce—and provide new opportunities in the South Korean market. Exporters in these sectors will also benefit from other Agreement provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reduce or eliminate other non-tariff measures, reinforce intellectual property rights and ensure more transparent rules for market access. Overall, Ontario has a lot to gain from the Canada-Korea Free Trade Agreement.

Top benefits for Ontario:

- increased market access for key sectors of interest to Ontario, including aerospace, medical devices, clean technology, food manufacturing, information and communications technologies (ICT), life sciences, metals and minerals; this includes:
 - duty-free access for industrial and manufactured goods, including nickel, chemicals, rubber, textiles (including high-tenacity yarn), apparel, scientific instruments, power generating machinery and rail;
 - duty-free access for almost all agricultural and agri-food products, including beef, fuskins, pork, food preparations, soybeans, backed goods, wine and spirits, navy beans, adzuki beans and white pea beans.
- improved access for professional services such as foreign legal consultancy services, commercial education and training and research and development;
- predictable, non-discriminatory rules for Canadian investors;
- improved access to South Korea's government procurement market;
- strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions.

Merchandise exports from Ontario to South Korea (2010-2012 annual average) (value in millions of Canadian dollars)



Opening new markets in South Korea for Ontario's world-class products

Industrial goods



Some 525,000 hard-working Ontarians and their families depend on the industrial goods sector for their livelihood, with the sector accounting for approximately 12 percent of Ontario's GDP.

Trade snapshot

From 2010 to 2012, Ontario's exports of industrial goods to South Korea were worth an annual average of \$470.6 million. The Canada-Korea Free Trade Agreement will significantly improve market access opportunities for Ontario's industrial goods sector by eliminating tariffs on all Canadian exports of industrial goods.

The Canadian market is already largely open to global imports, including those from South Korea. Mutual tariff elimination will help make Ontario exports of industrial goods more price competitive with South Korean domestic production. The Agreement will also help Ontario exporters maintain a competitive footing against major competitors who already benefit from a free trade agreement with South Korea.

Tariff elimination

When the Agreement enters into force, over 95 percent of South Korean tariff lines for industrial products will be subject to immediate duty-free access. Ontario businesses stand to gain considerably when all South Korean tariffs on industrial goods are eliminated within 10 years. Without a free trade agreement, Canadian

businesses would be at a disadvantage in the South Korean market against major competitors. Several of Ontario's key industrial goods sectors are expected to benefit from the elimination of tariffs under the Agreement, including aerospace, rail, clean technology, information and communications technologies, life sciences, metals and minerals, chemicals, plastics and mining. The Agreement will create market access opportunities for Ontario exporters across a number of industries.

Aerospace



All South Korean tariffs (as high as 8 percent) on the types of products that were exported from Ontario to South Korea between 2010 to 2012 will be eliminated immediately upon the Agreement's entry into force.

"Our industry depends on exports and access to international markets to remain competitive and continue creating jobs and revenues here at home. This agreement is imperative to restoring a level playing field for Canadian firms in the South Korean market, which is especially important given the considerable growth the aerospace industry will see in the Asia-Pacific region in coming years. We congratulate the Government of Canada on this achievement, and thank its representatives for their ongoing commitment to boosting Canadian competitiveness in international markets."

Jim Quick, President and CEO, Aerospace Industries Association of Canada

Clean technology

All duties on Canadian exports of clean technology products to South Korea will be eliminated under the

Agreement. Ontario's key exports in this sector include products such as pumps, mixers and water filtration devices. South Korea's 8 percent tariffs on these products will be eliminated within three years, which is an outcome commensurate with the U.S.-Korea Trade Free Agreement (KORUS).

Information and communications technologies (ICT)

While many of Canada's and Ontario's ICT exports to South Korea are duty free under the WTO Information Technology Agreement (ITA), duties remain on a number of ICT products that fall outside the scope of the current ITA (e.g. electric sound amplifier sets, certain video projectors). All South Korean tariffs on these products (which are as high as 13 percent) will be eliminated immediately upon the Agreement's entry into force.

The Agreement will also facilitate the movement of skilled professionals such as engineers in the aerospace, clean energy and technology sectors by providing greater certainty and predictability for Canadian business undertaking contracts in the South Korean market. These sectors will also benefit from secure and preferential access to South Korean government procurement opportunities worth approximately \$100,000 or more.

Life sciences



Medical devices: Some of Ontario's top exports in this sector (e.g. diagnostic or laboratory reagents, surgical instruments and appliances, x-ray apparatus for medical, surgical or veterinary uses) face South Korean tariffs of 8 percent. Upon the Agreement's entry into force, 88 percent of tariff lines will be duty-free. Under the Agreement, all South Korean tariffs in this sector will be eliminated within 10 years. South Korean duties on these goods currently reach as high as 50 percent.

Pharmaceuticals: Upon the Agreement's entry into force, 63 percent of tariff lines will be duty-free and all remaining tariffs will be eliminated within five years. South Korean duties on these goods reach up to 8 percent.

The life sciences sector will also benefit from secure and preferential access to South Korean government procurement opportunities worth approximately \$100,000 or more.

"Our member companies are providing innovative, life-saving products to Canadian patients every day, but they also rely on the export of these products in order to thrive. We are confident that this free trade agreement will support and enhance the Canadian medical technology industry, which will benefit Canadian patients and contribute to increased economic growth and job creation."

Brian Lewis, President and CEO, MEDEC-Canada's Medical Technology Companies

Metals and minerals

Metals: South Korea will eliminate its tariffs on nickel products, which average 4.6 percent but are as high as 8 percent, immediately upon the Agreement's entry into force. This outcome is commensurate with KORUS.

Minerals: Tariffs on 94.2 percent of minerals will be eliminated immediately upon the Agreement's entry into force, and all South Korean duties on mineral products will be eliminated within five years. South Korean duties on these products currently reach as high as 8 percent. This outcome is commensurate with KORUS.

Chemicals and plastics

Chemicals: Upon the Agreement's entry into force, 94 percent of tariff lines will be duty-free and all remaining tariffs eliminated within five years. South Korean duties on these goods reach up to 8 percent. This outcome is better than what the United States obtained under KORUS.

Plastics: Upon the Agreement's entry into force, 91.5 percent of tariffs will be duty-free and all

remaining tariffs will be phased out within five years. South Korean duties on these goods range from 4 percent to 8 percent. This outcome is better than what the United States obtained under KORUS, under which all tariff lines were duty-free within 10 years.

The materials sector will also benefit from secure and preferential access to South Korean government procurement opportunities worth approximately \$100,000 or more.

Textiles and apparel

Textiles: Upon implementation of the Agreement, South Korea will eliminate duties on 99.9 percent of tariff lines (all tariffs eliminated within three years). These products currently face duties of up to 13 percent. This is a speedier phasing-out of tariffs than occurred under KORUS.

Apparel: South Korea will eliminate duties on 99.4 percent of tariff lines immediately and all tariffs will be eliminated within three years. Goods in this sector face tariffs of up to 13 percent. This outcome is commensurate with KORUS.

Beyond tariffs

Canada and South Korea recognize the importance of fostering cooperation and transparency in standards-related measures and have committed to encourage the use of internationally recognized standards and membership in multilateral arrangements to minimize duplicative certification and testing of products, including those related to medical devices.

The Agreement will also include a mechanism that will allow either party to raise concerns with the other country's standards-related measures, with the goal of minimizing or eliminating the measures' impact on trade. Canada and South Korea have negotiated provisions that will allow citizens of the other country to participate in the development of technical regulations and conformity assessment procedures on terms no less favourable than those that apply for their own citizens. This will help minimize or eliminate barriers before they come into place.

Minimizing the impact of technical barriers will help maximize market access for Ontario's exports.

Reaping the benefits

Canada has obtained a tariff outcome—the elimination of all tariffs on industrial goods—that will level the playing field with key competitors such as the United States and the European Union, and provide enhanced market access opportunities in some specific areas of interest to Ontario. As a result, Ontario businesses stand to gain considerably from the Canada-Korea Free Trade Agreement.

Automotive products

The automotive sector is a key driver of Canada's economy and employs more than 115,000 highly skilled Canadians across the country.

Highly dependent on trade, the Canadian automotive industry exports some 85 percent of its production every year, with a majority of exports going to the United States. However, Canadian vehicle manufacturers are increasingly looking beyond their traditional North American market for new customers. In this respect, the Canada-Korea Free Trade Agreement provides Canadian manufacturers with a level playing field relative to key competitors in the United States and the European Union, who already benefit from preferential access to the South Korean market through their own free trade agreements.

Trade snapshot

The Agreement will provide a significant advantage for Canadian automotive industry stakeholders looking to further expand market opportunities in South Korea. The automotive products sector is comprised of vehicle manufacturers and the various parts suppliers that make up the automotive value chain.

Overview of auto provisions in the Canada-South Korea FTA

The Canada-Korea Free Trade Agreement's automotive provisions feature robust outcomes across many areas, including tariffs, non-tariff issues, standards-related measures, specialized dispute settlement procedures and safeguard provisions to protect against import surges.

The Agreement secures Canada's position in the South Korean automotive products market, where competitors such as the United States and the European Union already benefit from preferential access as a result of their respective free trade agreements.

The Agreement's outcome on automotive products will re-establish a level playing field in the South Korean market by providing comparable and in some cases stronger outcomes than those found in South Korea's other free trade agreements. The Agreement's key automotive-sector features include:

- **Tariffs:** South Korea's 8-percent auto tariff 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 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 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 Agreement includes safeguard provisions equivalent to those found in KORUS for motor vehicles, and extends these provisions to all products, as in the case of 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 Agreement's 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. This represents a KORUS-plus outcome for Canada.
- **Emissions and fuel economy standards:** The Agreement's outcome ensures that Canada will benefit, now and in the future, from the best treatment that South Korea provides to any other trading partner. This will ensure full protection for Canadian automakers in the future, and represents a KORUS-plus outcome for Canada.
- **Safety standards:** The equivalency provisions in the 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 do) or EU 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, as is the case under KORUS. Provisions on new vehicle technologies and compliance testing procedures will also help to facilitate access to the South Korean market.

Tariff elimination

Exports of Canadian vehicles and automotive parts will be duty-free immediately upon the entry into force of the Canada-Korea Free Trade Agreement, compared to a longer phase-out of five years under KORUS and three to five years under the EU-Korea FTA. Therefore, Canadian automotive exporters will benefit from tariff-free market access in South Korea more quickly than did their U.S. and EU competitors.

Upon the Agreement's entry into force, South Korean tariffs will be eliminated on:

- all light vehicles (8 percent tariff);
- all automotive parts (tariffs ranging from 3 percent to 8 percent).

The removal of South Korea's tariffs on automotive products will provide the Canadian automotive sector with improved market access, offering diversification and export opportunities to Canadian industry.

Reaping the benefits

Canadian producers and exporters of automotive products already have the capacity to export to Asian markets. The Agreement will create new opportunities to further develop existing and new markets in South Korea and the Asia-Pacific region.

The market access obtained from the Agreement will help level the playing field for Canadian manufacturers competing with key manufacturers from countries such as the United States and the European Union that already have free trade agreements with South Korea.

Agricultural and agri-food products



Ontario's agricultural, agri-food and beverage sector is a significant driver of economic activity in the province. The sector employed over 212,000 people and contributed \$15 billion to the province's GDP in 2012.

Trade snapshot

Ontario's annual agricultural exports to South Korea were worth an average of \$68 million from 2010 to 2012, led by mink furskins, pork, food preparations, soybeans, baked goods and icewine. Ontario will benefit from expanding exports of these and a wide variety of other products, including pet food, food-grade soybeans, navy/white peas, adzuki and kidney beans. Canadian agricultural exports to South Korea currently face high tariff rates, which averaged 52.7 percent in 2012.

Tariff elimination

The Canada-Korea Free Trade Agreement will eliminate tariffs on 86.8 percent of agricultural tariff lines. This duty-free access will give Canadian agricultural products, including beef, pork, icewine and food preparations, preferential access to the South Korean market and will create a level playing field on which Canadian producers can compete with South Korea's current free trade agreement partners.

New access for world-class Canadian beef and pork

The Canada-Korea Free Trade Agreement will provide new market access opportunities for Canadian exports of beef and pork. The Agreement also recognizes the integrated nature of this industry in the North American economy, providing for rules of origin that will allow these world-class products to benefit from preferential treatment in South Korea. This is important to allow Canada to continue to compete with other countries exporting beef and pork to South Korea, including the United States and the European Union, competitors that have benefited from lower tariffs since the implementation of the Korea-U.S. and Korea-EU free trade agreements.

Canada's share of Korean fresh, chilled and frozen pork imports dropped from 14.2 percent in 2010 (i.e. before the implementation of the Korea-U.S. and Korea-EU free trade agreements) to 8.9 percent in 2013, representing a loss in export value of \$22 million. During the same period, U.S. and EU market share increased by 10.2 percent to reach 76.3 percent.

In 2012, following the resumption of Canada's access to South Korea's beef market, Canadian fresh, chilled and frozen beef exports to South Korea were valued at \$9.6 million. However, in 2013, Canadian beef exports declined to \$6.7 million as a result of the growing tariff differential with U.S. and EU competitors. Between 2010 and 2012, South Korean beef imports were worth an average of approximately \$1.3 billion annually, while pork imports were worth an average of approximately \$1.1 billion annually.

Under the Canada-Korea Free Trade Agreement:

- duties of up to 25 percent for fresh/chilled and frozen pork will be eliminated in 5 to 13 years; and
- duties that range from 40 to 72 percent for fresh, chilled and frozen beef cuts, and some processed beef, will be eliminated in 15 years.

Food manufacturing



Wines: Icewine makes up almost all of Canada and Ontario's wine exports to South Korea. South Korea will eliminate duties on icewine immediately upon the Agreement's entry into force. For all other Canadian wine products currently sold to South Korea, duties will be eliminated within three years. South Korean duties on these goods range from 15 percent to 30 percent.

Spirits: South Korean duties of 20 percent on rye whisky will be eliminated immediately upon the Agreement's entry into force. For other types of whisky currently sold to South Korea, duties will be eliminated within five years or 10 years. South Korean duties on these goods range from 20 percent to 30 percent.

The Agreement will also commit South Korea to protect the terms "Canadian whisky" and "Canadian rye whisky" as geographical indications, ensuring these terms remain exclusive to Canadian producers.

"The Winery & Grower Alliance of Ontario is supportive of a Canada-Korea free trade agreement. South Korea is the second most important Asian market for Ontario wines, particularly our premium product, icewine. Such an agreement should increase the competitiveness of Ontario wines in Korea and ultimately lead to increased exports."

Patrick Gedge, President and CEO, Winery & Grower Alliance of Ontario

Processed foods: Virtually all duties on South Korean imports of processed food products from Canada will be eliminated under the Agreement. South Korean duties on "miscellaneous prepared foods," Ontario's largest export interest in this sector, will be eliminated within seven years. South Korean duties on Ontario's

remaining export interests in this sector, such as bakery products and certain chocolate confectionery products, will be eliminated within five years.

Pet food: Duties of 5 percent on dog and cat food will be eliminated immediately upon the Agreement's entry into force.

Other agricultural products

South Korean tariffs will also be eliminated on a range of agricultural commodities of interest to Ontario, including:

- food-grade soybeans for soy sauce and soy cake, from a current rate of up to 487 percent;
- pulses (including adzuki beans), from a current rate of up to 607.5 percent; and
- pork and most processed pork products, from a current rate of up to 30 percent.

In addition, Canada will receive duty-free access within a permanent tariff rate quota (TRQ) for food-grade identity-preserved soybeans: from an initial volume of 5,000 tonnes, increasing to 17,000 tonnes by year 10 of the Agreement. Current duties on these soybeans can reach as high as 487 percent.

Beyond tariffs

Sanitary and phytosanitary (SPS) measures are applied by governments to protect human, animal or plant life or health. These measures can from time to time impact trade in agricultural and agri-food products. The Agreement includes a chapter on SPS issues in which Canada and South Korea agree to build on their shared commitments under the WTO on the application of SPS measures. Under the WTO SPS Agreement, parties recognize the rights of WTO members to take necessary measures for the protection of human, animal or plant life or health while ensuring these measures are based on science, and do not unfairly restrict trade.

Under the Agreement, Canada and South Korea will establish a new bilateral SPS committee through which experts can collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit Canadian agriculture and agri-food exporters by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers.

Reaping the benefits

South Korea is a net importer of agricultural and agri-food products, importing \$20-billion worth of such products in 2012. Canada, a significant global supplier of high-quality agricultural products, is South Korea's fifth-largest supplier of such products. The Agreement will further develop this relationship.

Canada has obtained a tariff outcome that will level the playing field with key competitors such as the United States and the European Union and provide enhanced market access opportunities in areas of interest to Ontario, including pork, beef, food preparations, baked goods, icewine, pulses, pet food, furskins, soybeans, maple sugar, canola oil and malt. Without a free trade agreement, Canadian businesses would be at a disadvantage in the South Korean market against many competitors.

Opening new markets in South Korea for Ontario's world-class services



The services sector is a key driver of Ontario's economy, accounting for 77 percent of Ontario's overall economy, or \$442 billion, and employing some 5.4 million Ontarians in 2012.

Trade snapshot

Canada's services exports to South Korea are worth more than \$750 million a year. Ontario's key export interests in this sector include environmental services, research and development, and financial services. Jobs in this sector are traditionally highly skilled and well-paying, creating important opportunities for Canadian expertise.

Improved access to markets

The Canada-Korea Free Trade Agreement will provide Canadian service suppliers with greater and more predictable access to the dynamic South Korean market. Once in force, the agreement will create a level playing field for Canadian service suppliers against key competitors from the United States and the European Union, both of whom have implemented their own respective free trade agreements with South Korea.

- The Agreement includes 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. The Agreement will establish enhanced market access in areas such as professional services (e.g. foreign legal consultancy services, commercial education and training, research and development), environmental services, and business services. This outcome is commensurate with South Korea's free trade agreement commitments with the United States and the European Union.
- The Agreement uses a "negative list" approach for listing reservations to the obligation of the cross-border trade in services chapter, which means that services markets are open unless otherwise listed in a reservation.
- The Agreement also ensures that any future changes that aim to make it easier for Canada's service providers to access the South Korean market (or for Canadian investors to obtain better treatment) will be locked in every time they bring improvements in access. This is referred to as the "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 Agreement.

Temporary entry for business persons

South Korea's temporary-entry commitments under the Agreement are more ambitious than any of South Korea's other free trade agreements. The Agreement's temporary-entry provisions will provide new, preferential access to the South Korean market, facilitating movement between Canada and South

Korea for business visitors, traders and investors, intra-company transferees, professionals (i.e. contract service suppliers and independent professionals) and their spouses.

Under the Agreement, Canadian firms can send their employees to South Korea to fulfill service contracts, for instance, in science, engineering and information technology fields. Canadian independent professionals (i.e. self-employed professionals contracted directly by a South Korean or South Korean company) such as architects, engineers, management consultants and veterinarians may enter the South Korean market with a pre-arranged contract.

New opportunities for Canada's globally recognized financial services sector

For six consecutive years, Canada's financial institutions have been ranked the world's soundest by the World Economic Forum. Canadian financial institutions continue to successfully contribute to the development of a competitive financial services marketplace globally.

On the international stage, financial services is Canada's single-largest source of outward services trade and investment, and roughly half of the Canadian stock of outward foreign direct investment originates in the financial services sector. While the South Korean and Canadian financial services markets are mature, there is potential for greater participation from each country's respective financial institutions in these markets.

The Canada-Korea Free Trade Agreement will support this greater participation by ensuring the South Korean market remains open to Canadian financial service providers into the future and that their investments will be protected. The access and regulatory commitments provided in the Agreement is on par with the best treatment provided to any foreign companies, including those from the United States and the European Union.

At the same time, the Agreement recognizes the critical role that banks, insurance companies and other financial institutions play in the economy. The Agreement safeguards governments' right to regulate financial services to protect the stability and integrity of the financial system as well as consumer interests, which is integral to safeguarding our economic health.

In addition, the Agreement will benefit the e-commerce and telecommunications sectors.

Telecommunications

The telecommunications sector is important for the economies of Canada and South Korea. Not only is telecommunications a constantly growing service sector, it is one of the most important enablers in the modern economy, providing the means of delivering other services that Canadians depend on.

The Agreement will ensure that all players in the telecommunications market have fair access to networks and services in each other's market and that regulators act impartially, objectively and in a transparent manner. Service providers and investors will benefit from increased transparency and predictability of the regulatory environment and secure, competitive marketplaces.

E-commerce

Electronic commerce was in its infancy 20 years ago. Today, e-commerce is a part of our daily lives. Canadians shop and plan holidays online, and buy and download software and entertainment content, including movies, television and music. Advertisers are making increased use of "smart advertising" on the Web to track our shopping habits and promote specific deals likely to interest us.

Canada and South Korea recognize the growing economic importance and changing nature of this technologically advanced sector. To facilitate trade in the digital economy, the Agreement includes a commitment whereby both parties refrain from applying customs duties, fees or other charges on digital products that are transmitted electronically. As well, Canada has agreed to important measures under the

Agreement aimed at building trust and confidence in the digital environment, such as those having to do with the online protection of e-commerce users' personal information.

Reaping the benefits

The Agreement provides Canadian service providers with improved protection, predictability and transparency for conducting business, as well as greater access to South Korea's sophisticated services market.

Canadian gains under the Canada-Korea Free Trade Agreement will enable Canadian companies to compete on a level playing field with their major competitors in the South Korean market, giving them an advantage over competitors from other countries. Ultimately, this advantage will benefit the entire Canadian economy and lead to new jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

"Scotiabank congratulates the governments of Canada and Korea on successfully concluding the Canada-Korea Free Trade Agreement negotiations. Scotiabank has been operating in the Asia-Pacific region for 50 years, and we welcome this first free trade agreement between Canada and an Asia-Pacific country. This is a positive step toward deeper ties in the Asia-Pacific market, and it recognizes the importance of Canada's trade with South Korea—the 15th-largest economy in the world. The free trade agreement will provide access to the South Korean financial sector that is on par with the Korea-U.S. FTA and will result in increased investor protection for Canadian financial institutions."

Brian Porter, President and CEO, Scotiabank

Protecting services and policies that matter to Canadians

Nothing in the Agreement prevents governments from regulating in the public interest, including in areas related to the delivery of public services, the provision of preferential treatment for Aboriginal peoples, or the adoption of measures to protect or promote Canadian culture. For example, public services such as health, public education and other social services will be excluded from the obligations of the Agreement, ensuring that governments remain free to enact the policies and programs they choose in these areas.

How the Canada-Korea Free Trade Agreement Will Benefit Manitoba



Creating jobs and opportunities for Manitobans

Manitoba stands to benefit significantly from preferred access to the South Korean market. South Korea is already Manitoba's sixth-largest export destination, with exports from 2010 to 2012 worth an annual average of \$143.8 million.

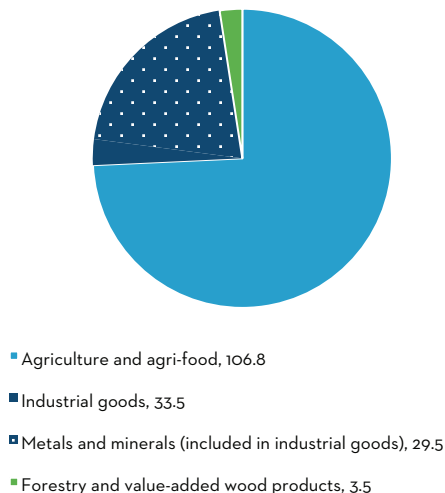
Upon entry into force, the Canada-Korea Free Trade Agreement will eliminate tariffs on almost all of Manitoba's key exports and provide access to new opportunities in the South Korean market. Exporters in these sectors will also benefit from other Agreement provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reinforce intellectual property rights and ensure more transparent rules for market access. Overall, Manitoba has a lot to gain from the Canada-Korea Free Trade Agreement.

Top benefits for Manitoba:

- enhanced market access for many agricultural and agri-food products, including wheat and pork;
- enhanced market access for industrial products, including nickel, aircraft parts and scientific instruments;
- improved access for professional services;
- predictable, non-discriminatory rules for Canadian investors;
- improved access to South Korea's government procurement market;
- strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions.

Opening new markets in South Korea for Manitoba's world-class products

Merchandise exports from Manitoba to South Korea (2010-2012 annual average) (value in millions of Canadian dollars)



Agricultural and agri-food products



Manitoba's agricultural and agri-food products sector employed over 33,000 people in 2012, and is a significant driver of economic activity in the province.

Trade snapshot

Manitoba's agricultural exports to South Korea were worth an annual average of \$106.8 million from 2010 to 2012, led by wheat and pork. Manitoba will benefit from expanding exports of these and a wide variety of other products, including pulses, beef, special crops, pig fats and canola oil. Canadian agricultural exports to South Korea currently face high tariff rates, which averaged 52.7 percent in 2012.

Tariff elimination

The Canada-Korea Free Trade Agreement will eliminate tariffs on 86.8 percent of agricultural tariff lines. This duty-free access will give Canadian agricultural products, including pork, wheat and other grains, preferential access to the South Korean market and will create a level playing field on which Canadian producers can compete with South Korea's current FTA partners.

For example, South Korean tariffs will be eliminated on:

- wheat, from a current rate of up to 3 percent;
- pork and most processed pork products, from a current rate of up to 30 percent;
- rye and rye seed, from a current rate of up to 108.7 percent;
- oats and oat seed, from a current rate of up to 554.8 percent;
- kidney beans and white pea beans, from a current rate of 27 percent;
- refined and crude canola oil, from a current rate of 5 percent;
- potatoes, from a current rate of 18 percent; and
- pig fats, from a current rate of up to 3 percent.

Beyond tariffs

Sanitary and phytosanitary (SPS) measures are applied by governments to protect human, animal or plant life or health. These measures can from time to time impact trade in agricultural and agri-food products. The Agreement includes a chapter that addresses SPS issues in which Canada and South Korea agree to build on their shared commitments under the WTO on the application of SPS measures. Under the WTO SPS Agreement, parties recognize the rights of WTO members to take necessary measures for the protection of human, animal or plant life or health while ensuring these measures are based on science and do not unfairly restrict trade.

Under the Agreement, Canada and South Korea will establish a new bilateral SPS committee through which experts can collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit Canadian agricultural and agri-food exporters by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers

Canadian canola products stand to benefit from the Canada-Korea Free Trade Agreement

Colin is a third-generation farmer on the Prairies who produces cold-pressed canola oil for gourmet and specialty-food stores. He now exports his canola oil duty-free to the United States under the North American Free Trade Agreement. However, Colin's exports to Asia are hampered by tariffs imposed by key countries, including South Korea. Under the Canada-Korea Free Trade Agreement, current duties of 5 percent on crude and refined canola oils and of 10 percent on canola will be eliminated in South Korea, a growing market for canola oil producers.

"South Korea is an important market for canola, with annual sales ranging from \$60 million to \$90 million in recent years. Under the Canada-Korea Free Trade Agreement, we could significantly increase—even double—our exports to this market."

Patti Miller, President, Canola Council of Canada

Reaping the benefits

South Korea is a net importer of agricultural and agri-food products, importing \$20 billion worth of such products in 2012. Canada, a significant global supplier of high-quality agricultural products, is South Korea's fifth-largest supplier of such products. The Agreement will further develop this relationship.

The Agreement will allow Manitoban products to compete on a level playing field with other agricultural exporting countries that have signed or implemented an FTA with South Korea, including the United States and the European Union.

New access for world-class Canadian beef and pork

The Canada-Korea Free Trade Agreement will provide new market access opportunities for Canadian exports of beef and pork. The Agreement also recognizes the integrated nature of this industry in the North American economy, providing for rules of origin that will allow these world-class products to benefit from preferential treatment in South Korea. This is important to allow Canada to continue to compete with other exporters of beef and pork to South Korea, including the United States and the European Union—competitors that have benefited from lower tariffs since the implementation of the Korea-U.S. and Korea-EU free trade agreements.

Canada's share of Korean fresh, chilled and frozen pork imports dropped from 14.2 percent in 2010 (i.e., before the implementation of the Korea-U.S. and Korea-EU free trade agreements) to 8.9 percent in 2013, representing a loss in export value of \$22 million. During the same period, U.S. and EU market share increased by 10.2 percent to reach 76.3 percent.

In 2012, following the resumption of Canada's access to South Korea's beef market, Canadian fresh, chilled and frozen beef exports to South Korea were valued at \$9.6 million. However, in 2013, Canadian beef exports declined to \$6.7 million as a result of the growing tariff differential with U.S. and EU competitors. Between 2010 and 2012, South Korean beef imports were worth an average of approximately \$1.3 billion annually, while pork imports were worth an average of approximately \$1.1 billion annually.

Under the Canada-Korea Free Trade Agreement:

- duties of up to 25 percent for fresh, chilled and frozen pork will be eliminated in 5 to 13 years; and
- duties that range from 40 to 72 percent for fresh, chilled and frozen beef cuts, and some processed beef, will be eliminated in 15 years.

“The chamber supports the free trade agreement with South Korea, which will benefit Manitoba’s dynamic economy across all sectors. We look forward to working with government and our members on the new opportunities this agreement will provide.”

Chuck Davidson, President and CEO, Manitoba Chambers of Commerce

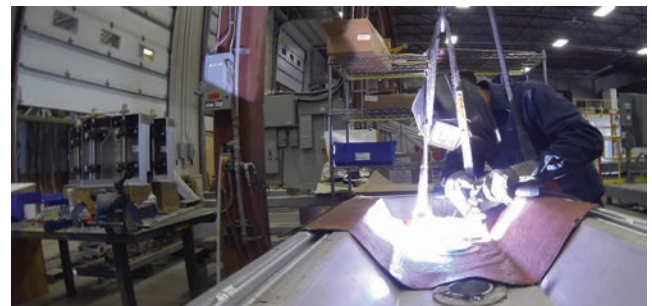
New access for world-class Canadian wheat

Manitoba's innovative agricultural and agri-food sector has long been the centre of Canada's grain trade.

Manitoba's exports of wheat to South Korea were worth more than \$15 million in 2012.

Under the Canada-Korea Free Trade Agreement, current duties of 1.8 percent for non-durum wheat and 3 percent for durum wheat faced by Canadian producers and exporters will be eliminated. This duty-free access will give Canadian wheat preferential access to the South Korean market, and will create a level playing field with South Korea's current free trade agreement partners.

Industrial goods



Some 32,000 hard-working Manitobans and their families depend on the industrial goods sector for their livelihood, with the sector accounting for approximately 11 percent of Manitoba's GDP in 2012.

Trade snapshot

From 2010 to 2012, Manitoba's exports of industrial goods to South Korea were worth an annual average of

\$33.5 million. The Canada-Korea Free Trade Agreement will significantly improve market access opportunities for Manitoba's industrial goods sector by eliminating tariffs on all of Canada's industrial goods exports.

The Canadian market is already largely open to global imports, including those from South Korea. Mutual tariff elimination will help make Manitoba exports of industrial goods more price competitive with South Korean domestic production. A free trade agreement with South Korea will also help Manitoba exporters maintain a competitive footing with competitors who already benefit from an FTA with South Korea.

Tariff elimination

When the Agreement enters into force, over 95 percent of South Korean tariff lines for industrial products will be subject to immediate duty-free access. Manitoba businesses stand to gain considerably when all South Korean tariffs on industrial goods are eliminated within 10 years. Without an FTA, Canadian businesses would be at a disadvantage in the South Korean market against major competitors. The Agreement will create market access opportunities for Manitoba exporters across a number of industries.

For example, South Korean tariffs will be eliminated on:

- nickel, from a current rate of up to 8 percent;
- aircraft parts, from a current rate of up to 8 percent;
- chemicals, from a current rate of up to 8 percent;
- scientific instruments, from a current rate of up to 8 percent; and
- industrial machinery, from a current rate of up to 13 percent.

Metals and minerals

Canada, one of the most resource-rich countries in the world, is a global giant in mineral exploration and mining, producing more than 60 minerals and metals in Canada and operating in 100 countries around the world. The metal and mineral industry is a significant driver of economic growth, contributing close to \$144.1 billion to Canada's GDP in 2012. This sector employs more than 387,000 Canadians, creating employment opportunities from coast to coast to coast.

Metals: South Korea will eliminate its tariffs on nickel powder and flakes from a current rate of up to 5 percent, immediately upon the Agreement's entry into force. This outcome is commensurate with KORUS.

Minerals: Tariffs on 94.2 percent of minerals that Canada sold to South Korea between 2010 and 2012 will be eliminated immediately upon the Agreement's entry into force, and all South Korean duties on mineral products will be eliminated within five years. South Korean duties on these products are currently as high as 8 percent. This outcome is commensurate with KORUS.

The Agreement's investment chapter will benefit Canadian investors in the metals and minerals sector as South Korea has committed to providing non-discriminatory access to its mining sector. Canadian investors will also have access to an impartial dispute settlement mechanism to resolve disputes arising from the chapter on investment. This outcome is commensurate with KORUS.

Beyond tariffs

Canada and South Korea recognize the importance of fostering cooperation and transparency in standards-related measures and have committed to encourage the use of internationally recognized standards and membership in multilateral arrangements to minimize duplicative certification and testing of products, including those related to medical devices.

The Agreement will also include a mechanism that will allow either party to raise concerns with the other party's standards-related measures, with the goal of minimizing or eliminating the measures' impact on trade. Canada and South Korea have negotiated provisions that will allow citizens of the other party to participate in the development of technical regulations and conformity assessment procedures on terms no less favourable than those that apply for their own citizens. This will help minimize or eliminate barriers before they come into place.

Minimizing the impact of technical barriers will help maximize market access for Manitoba's exports.

Reaping the benefits

Canada has obtained a tariff outcome—the elimination of all tariffs on industrial goods—that will level the

playing field with key competitors such as the United States and the European Union, and provide enhanced market access opportunities in some specific areas of interest to Manitoba. As a result, Manitoba businesses stand to gain considerably from the Canada-Korea Free Trade Agreement.

Opening new markets in South Korea for Manitoba's world-class services



The services sector is by far the largest sector of Manitoba's economy, accounting for approximately 70.7 percent of the province's gross domestic product in 2012, or \$36 billion. The services sector generates more than three quarters of total employment in the province.

Trade snapshot

Canada's services exports to South Korea are worth more than \$750 million a year. Manitoba's key exports interests in this vibrant sector include business and professional services, construction, engineering and architectural services, and marketing and distribution services. Jobs in this sector are traditionally highly skilled and well-paying, creating important opportunities for Canadian expertise.

Improved access to markets

The Canada-Korea Free Trade Agreement will provide Canadian service suppliers with greater and more predictable access to the dynamic South Korean market. Once in force, the agreement will create a level playing field for Canadian service suppliers against key competitors from the United States and the European

Union, both of whom have implemented free trade agreements with South Korea.

- The Agreement includes 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. The Agreement will establish enhanced market access in areas such as professional services (e.g. foreign legal consultancy services, commercial education and training, research and development), environmental services, and business services. This outcome is commensurate with South Korea's free trade agreements commitments to the United States and the European Union.
- The Agreement uses a "negative list" approach for listing reservations to the obligation of the cross-border trade in services chapter, which means that everything is open unless otherwise listed in a reservation.
- The Agreement will ensure that any future changes that aim to make it easier for Canada's service providers to access the South Korean market (or for Canadian investors to obtain better treatment) will be locked in every time they bring improvements in access. This is referred to as the "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 Agreement.

Temporary entry for business persons

South Korea's temporary-entry commitments under the Agreement are more ambitious than any of South Korea's other free trade agreements. The Agreement's temporary-entry provisions will provide new, preferential access to the South Korean market, facilitating movement between Canada and South Korea for business visitors, traders and investors, intra-company transferees, professionals (i.e. contract service suppliers and independent professionals) and their spouses.

Under the Agreement, Canadian firms can send their employees to South Korea to fulfill service contracts, for instance, in science, engineering and IT fields. Canadian independent professionals (i.e. self-employed

professionals contracted directly by a South Korean or South Korean company) such as architects, engineers, management consultants and veterinarians may enter the South Korean market with a pre-arranged contract.

In addition, the Agreement will benefit the e-commerce and telecommunications sectors.

Telecommunications

The telecommunications sector is important for the economies of Canada and South Korea. Not only is telecommunications a constantly growing service sector, it is one of the most important enablers in the modern economy, providing the means of delivering other services that Canadians depend on.

The Agreement will ensure that all players in the telecommunications market have fair access to networks and services in each other's market and that regulators act impartially, objectively and in a transparent manner. Service providers and investors will benefit from increased transparency and predictability of the regulatory environment and secure, competitive marketplaces.

E-commerce

Electronic commerce was in its infancy 20 years ago. Today, e-commerce is part of our daily lives. Canadians shop and plan holidays online, and buy and download software and entertainment content, including movies, television programs and music. Advertisers are making increased use of "smart advertising" on the Web to track our shopping habits and promote specific deals likely to interest us.

Canada and South Korea recognize the growing economic importance and changing nature of this technologically advanced sector. To facilitate trade in the digital economy, the Agreement includes a commitment whereby both parties will not levy customs duties, fees or other charges on digital products that are transmitted electronically. As well, Canada has agreed to important measures under the Agreement aimed at building trust and confidence in the digital environment, such as those having to do with the online protection of e-commerce users' personal information.

Protecting services and policies that matter to Canadians

Nothing in the Agreement prevents governments from regulating in the public interest, including in areas related to the delivery of public services, the provision of preferential treatment for Aboriginal peoples, or the adoption of measures to protect or promote Canadian culture. For example, public services such as health, public education and other social services will be excluded from the obligations of the Agreement, ensuring that governments remain free to enact the policies and programs they choose in these areas.

Reaping the benefits

The Agreement provides Canadian service providers with improved protection, predictability and transparency for conducting business, as well as greater access to South Korea's sophisticated services market.

Canadian gains under the Canada-Korea Free Trade Agreement will enable Canadian companies to compete on a level playing field with their major competitors in the South Korean market, giving them an advantage over competitors from other countries. Ultimately, this advantage will benefit the entire Canadian economy and lead to new jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

How the Canada-Korea Free Trade Agreement Will Benefit Saskatchewan

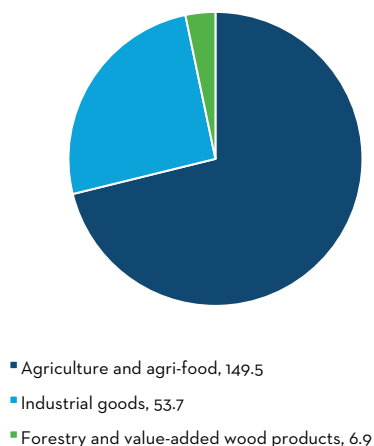


Creating jobs and opportunities for Saskatchewanians

Saskatchewan stands to benefit significantly from preferred access to the South Korean market. South Korea is already Saskatchewan's 17th-largest export destination, with exports from 2010 to 2012 worth an annual average of \$210.2 million.

Upon entry into force, the Canada-Korea Free Trade Agreement will eliminate tariffs on almost all of Saskatchewan's key exports and provide access to new opportunities in the South Korean market. Exporters in these sectors will also benefit from other Agreement provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reinforce intellectual property rights and ensure more transparent rules for market access. Overall, Saskatchewan has a lot to gain from the Canada-Korea Free Trade Agreement.

Merchandise exports from Saskatchewan to South Korea (2010-2012 annual average)
(value in millions of Canadian dollars)



Top benefits for Saskatchewan:

- enhanced market access for many agricultural and agri-food products, including wheat, canola oil, rye, flaxseed, un-roasted barley malt and animal feed;
- duty-free access for industrial goods, including machinery, electrical equipment and sporting equipment;
- improved access for professional services;
- predictable, non-discriminatory rules for Canadian investors;
- improved access to South Korea's government procurement market;
- strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions.

Opening new markets in South Korea for Saskatchewan's world-class products

Agricultural and agri-food products



Saskatchewan's agricultural and agri-food products sector employed over 43,000 people in 2012, and is a significant driver of economic activity in the province.

Trade snapshot

Saskatchewan's agricultural exports to South Korea were worth an annual average of \$149.5 million from 2010 to 2012, led by wheat, canola oil, un-roasted barley malt, animal feed, rye and pork. Saskatchewan will benefit from expanded exports of these and a wide variety of other products, including peas and other pulses, flaxseed and mustard seed.

Canadian agricultural exports to South Korea currently face high tariff rates, which averaged 52.7 percent in 2012.

Tariff elimination

The Canada-Korea Free Trade Agreement will eliminate tariffs on 86.8 percent of agricultural tariff lines. This duty-free access will give Canadian agricultural products, including wheat, canola oil and animal feed, preferential access to the South Korean market and will create a level playing field with South Korea's current free trade agreement partners.

For example, South Korean tariffs will be eliminated on:

- wheat, from a current rate of up to 3 percent;
- refined and crude canola oil, from a current rate of 5 percent;
- un-roasted barley malt, from a current rate of up to 269 percent;
- animal feed, from a current rate of up to 50.4 percent;
- rye, from a current rate of up to 108.7 percent;
- pork and most processed pork products, from a current rate of up to 30 percent;
- flaxseed, from a current rate of 3 percent;
- golden roasted flaxseed, from a current rate of 45 percent;
- mustard seed, from a current rate of 3 percent; and
- pulses, from a current rate of up to 607.5 percent.

Beyond tariffs

Sanitary and phytosanitary (SPS) measures are applied by governments to protect human, animal or plant life or health. These measures can from time to time impact trade in agricultural and agri-food products. The Agreement includes a chapter on SPS issues in which Canada and South Korea agree to build on their shared commitments under the WTO on the application of SPS measures. Under the WTO SPS Agreement, parties recognize the rights of WTO members to take necessary measures for the protection of human, animal or plant life or health while ensuring these measures are based on science and do not unfairly restrict trade.

Under the Agreement, Canada and South Korea will establish a new bilateral SPS committee through which experts can collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit Canadian agricultural and agri-food exporters by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers.

New access for world-class Canadian canola and malt

Saskatchewan is home to the most important grain-producing region in Canada and agricultural and agri-food is the province's leading economic sector.

Canola and malt producers in Saskatchewan stand to benefit greatly from the Canada-Korea Free Trade Agreement. Saskatchewan's exports of un-roasted barley malt, canola, and canola oil to South Korea were worth more than \$32.4 million in 2012.

Under the Agreement, current duties faced by Canadian producers will be eliminated, including:

- duties of 5 percent on crude and refined canola oils, and of 10 percent on canola;
- duties of 269 percent on malt.

Tariff elimination will give these Canadian products preferential access to the South Korean market and will create a level playing field with South Korea's current free trade agreement partners.

"South Korea is an important market for canola, with annual sales ranging from \$60 million to \$90 million in recent years. With a free trade agreement in place, we could significantly increase—even double—our canola exports to this market. Saskatchewan stands to benefit greatly: with almost half of all canola production coming from the province and substantial new processing capacity in place, Saskatchewan will reap the benefits of this FTA."

Patti Miller, President, Canola Council of Canada

New Access for world-class Canadian beef and pork

The Canada-Korea Free Trade Agreement will provide new market-access opportunities for Canadian exports of beef and pork. The Agreement also recognizes the integrated nature of this industry in the North American economy, providing for rules of origin that will allow these world-class products to benefit from preferential treatment in South Korea. This is important to allow Canada to continue to compete with other countries exporting beef and pork to South Korea, including the United States and the European Union, competitors that have benefited from lower tariffs since the implementation of the Korea-U.S. and Korea-EU FTAs.

Canada's share of Korean fresh, chilled and frozen pork imports dropped from 14.2 percent in 2010 (i.e., before the implementation of the Korea-U.S. and Korea-EU free trade agreements) to 8.9 percent in 2013, representing a loss in export value of \$22 million. During the same period, U.S. and EU market share increased by 10.2 percent to reach 76.3 percent.

In 2012, following the resumption of Canada's access to South Korea's beef market, Canadian fresh, chilled and frozen beef exports to South Korea were valued at \$9.6 million. However, in 2013, Canadian beef exports declined to \$6.7 million as a result of the growing tariff differential with U.S. and EU competitors. Between 2010 and 2012, South Korean beef imports were worth an average of approximately \$1.3 billion annually, while pork imports were worth an average of approximately \$1.1 billion annually.

Under the Canada-Korea Free Trade Agreement:

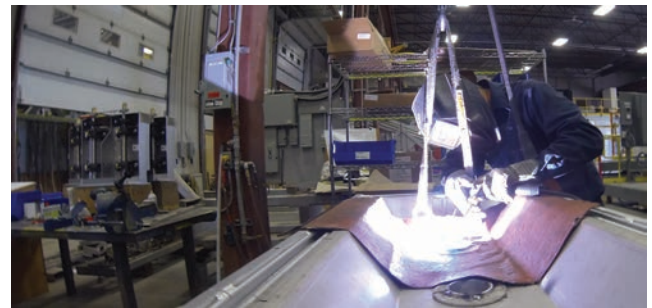
- duties of up to 25 percent for fresh, chilled and frozen pork will be eliminated in 5 to 13 years; and
- duties that range from 40 to 72 percent for fresh, chilled and frozen beef cuts, and some processed beef, will be eliminated in 15 years.

Reaping the benefits

South Korea is a net importer of agricultural and agri-food products, importing \$20-billion worth of such products in 2012. Canada, a significant global supplier of high-quality agricultural products, is South Korea's fifth-largest supplier of such products. The Agreement will further develop this relationship.

The Agreement will allow Saskatchewan products to compete on a level playing field with other agricultural exporting countries that have signed or implemented an FTA with South Korea, including the United States and the European Union.

Industrial goods



Some 30,000 hard-working Saskatchewanians and their families depend on the industrial goods sector for their livelihood, with the sector accounting for approximately 24 percent of Saskatchewan's GDP.

Trade snapshot

From 2010 to 2012, Saskatchewan's exports of industrial goods to South Korea were worth an annual average of \$53.7 million. The Canada-Korea Free Trade Agreement will significantly improve market access opportunities for Saskatchewan's industrial goods sector by eliminating tariffs on all Canadian exports of industrial goods

The Canadian market is already largely open to global imports, including those from South Korea. Mutual tariff elimination will help make Saskatchewan exports of industrial goods more price competitive with South Korean domestic production. The Agreement will also help Saskatchewan exporters maintain a competitive footing with major competitors who have already secured an FTA with South Korea.

Tariff elimination

When the Agreement enters into force, over 95 percent of South Korean tariff lines for industrial products will be subject to immediate duty-free access. Saskatchewan businesses stand to gain considerably when all South Korean tariffs on industrial goods are eliminated within 10 years. Without an Agreement, Canadian businesses would be at a disadvantage in the South Korean market against major competitors. The Agreement will create market access opportunities for Saskatchewan exporters across a number of industries.

For example, South Korean tariffs will be eliminated on:

- weighing machinery and scales, from a current rate of 8 percent;
- electrical transformers, from a current rate of 8 percent;
- filtering or purifying machinery for liquids, from a current rate of up to 8 percent; and
- sporting equipment, from a current rate of 8 percent.

Beyond tariffs

Canada and South Korea recognize the importance of fostering cooperation and transparency in standards-related measures and have committed to encourage the use of internationally recognized standards and membership in multilateral arrangements to minimize duplicative certification and testing of products, including those related to medical devices.

The Agreement will also include a mechanism that will allow either party to raise concerns with the other party's standards-related measures, with the goal of minimizing or eliminating the measures' impact on trade. Canada and South Korea have negotiated provisions that will allow citizens of the other party to participate in the development of technical regulations and conformity assessment procedures on terms no less favourable than those that apply to their own citizens. This will help minimize or eliminate barriers before they come into place.

Minimizing the impact of technical barriers will help maximize market access for Saskatchewan's exports.

Reaping the benefits

Canada has obtained a tariff outcome—the elimination of all tariffs on industrial goods—that will level the playing field with key competitors such as the United States and the European Union, and provide enhanced market access opportunities in some specific areas of interest to Saskatchewan. As a result, Saskatchewan businesses stand to gain considerably from the Canada-Korea Free Trade Agreement.

Opening new markets in South Korea for the Saskatchewan's world-class services



The service sector is a key driver of Saskatchewan's economy, accounting for 55.7 percent of the province's total GDP and employing over 395,000 people in Saskatchewan in 2012.

Trade Snapshot

Canada's service exports to South Korea are worth more than \$750 million a year. Saskatchewan's key export interests in this vibrant sector include research and development, construction services, information and communications technology, tourism and transportation services. Jobs in this sector are traditionally highly skilled and well-paying, creating important opportunities for Canadian expertise.

Improved access to markets

The Canada-Korea Free Trade Agreement will provide Canadian service suppliers with greater and more predictable access to the dynamic South Korean market. Once in force, the agreement will create a level playing field for Canadian service suppliers against key competitors from the United States and the European

Union, which have implemented free trade agreements with South Korea.

- The Agreement includes 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. The Agreement will establish enhanced market access in areas such as professional services (e.g. foreign legal consultancy services, private and adult education, research and development), environmental services, and business services. This outcome is commensurate with South Korea's free trade agreement commitments with the United States and the European Union.
- The Agreement uses a "negative list" approach for listing reservations to the obligation of the cross-border trade in services chapter, which means that everything is open unless otherwise listed in a reservation.
- The Agreement also ensures that any future changes that aim to make it easier for Canada's service providers to access the South Korean market (or for Canadian investors to obtain better treatment) will be locked in every time they bring improvements in access. This is referred to as the "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 Agreement.

Temporary entry for business persons

South Korea's temporary-entry commitments under the Agreement are more ambitious than any of South Korea's other FTAs. The Agreement's temporary-entry provisions will provide new, preferential access to the South Korean market, facilitating movement between Canada and South Korea for business visitors, traders and investors, intra-company transferees, professionals (i.e. contract service suppliers and independent professionals) and their spouses.

Under the Agreement, Canadian firms can send their employees to South Korea to fulfill service contracts, for instance, in science, engineering and IT fields. Canadian independent professionals (i.e. self-employed professionals contracted directly by a South Korean or

South Korean company) such as architects, engineers, management consultants and veterinarians, may enter the South Korean market with a pre-arranged contract.

In addition, the Agreement will benefit the e-commerce and telecommunications sectors.

Telecommunications

The telecommunications sector is important for the economies of Canada and South Korea. Not only is telecommunications a constantly growing service sector, it is one of the most important enablers in the modern economy, providing the means of delivering other services that Canadians depend on.

The Agreement will ensure that all players in the telecommunications market have fair access to networks and services in each other's market, and that regulators act impartially, objectively and in a transparent manner. Service providers and investors will benefit from increased transparency and predictability of the regulatory environment and secure, competitive marketplaces.

E-commerce

Electronic commerce was in its infancy 20 years ago. Today, e-commerce is part of our daily lives. Canadians shop and plan holidays online, and buy and download software and entertainment content, including movies, television programs and music. Advertisers are making increased use of "smart advertising" on the Web to track our shopping habits and promote specific deals likely to interest us.

Canada and South Korea recognize the growing economic importance and changing nature of this technologically advanced sector. To facilitate trade in the digital economy, the Agreement includes a commitment whereby both parties will not levy customs duties, fees or other charges on digital products that are transmitted electronically. As well, Canada has agreed to important measures under the Agreement aimed at building trust and confidence in the digital environment, such as those having to do with the online protection of e-commerce users' personal information.

Protecting services and policies that matter to Canadians

Nothing in the Agreement prevents governments from regulating in the public interest, including in areas related to the delivery of public services, the provision of preferential treatment for Aboriginal peoples, or the adoption of measures to protect or promote Canadian culture. For example, public services such as health, public education and other social services will be excluded from the obligations of the Agreement, ensuring that governments remain free to enact the policies and programs they choose in these areas.

Reaping the benefits

The Agreement provides Canadian service providers with improved protection, predictability and transparency for conducting business, as well as greater access to South Korea's sophisticated services market.

Canadian gains under the Canada-Korea Free Trade Agreement will enable Canadian companies to compete on a level playing field with their major competitors in the South Korean market, giving them an advantage over competitors from other countries. Ultimately, this advantage will benefit the entire Canadian economy and lead to new jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

How the Canada-Korea Free Trade Agreement Will Benefit Alberta



Creating jobs and opportunities for Albertans

Alberta stands to benefit significantly from preferred access to the South Korean market. South Korea is already Alberta's fifth-largest export destination, with exports from 2010 to 2012 worth an annual average of approximately \$628.2 million.

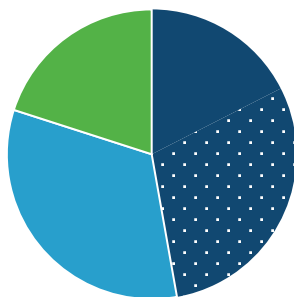
Upon entry into force, the Canada-Korea Free Trade Agreement will eliminate tariffs on almost all of Alberta's key exports and provide access to new opportunities in the South Korean market. Exporters in these sectors will also benefit from other Agreement provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reinforce intellectual property rights and ensure more transparent rules for market access. Overall, Alberta has a lot to gain from the Canada-Korea Free Trade Agreement.

Top benefits for Alberta:

- enhanced market access for many agricultural and agri-food products, including wheat, pork and canola oil;
- duty-free access for forestry and value-added wood products, including lumber and oriented strand board;
- duty-free access for industrial goods, including metals, aircraft parts and chemicals;
- improved access for professional services;
- predictable, non-discriminatory rules for Canadian investors;
- improved access to South Korea's government procurement market;
- strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions.

Opening new markets in South Korea for Alberta's world-class products

Merchandise exports from Alberta to South Korea (2010-2012 annual average)
(value in millions of Canadian dollars)



- Industrial goods, 296.5
- Metals and minerals (included in industrial goods), 186.6
- Agriculture and agri-food, 205.7
- Forestry and value-added wood products, 125.9

Agricultural and agri-food products



Alberta's agricultural and agri-food products sector employed over 75,000 people in 2012, and is a significant driver of economic activity in the province.

Trade snapshot

Alberta's agricultural exports to South Korea were worth an annual average of \$205.7 million from 2010 to 2012, led by wheat, canola oil, un-roasted barley malt and tallow. Under the Canada-Korea Free Trade Agreement, Alberta will benefit from expanding exports of these and a wide variety of other products, including beef. Canadian agricultural exports to South

Korea currently face high tariff rates, which averaged 52.7 percent in 2012.

Tariff elimination

The Canada-Korea Free Trade Agreement will eliminate tariffs on 86.8 percent of agricultural tariff lines. This duty-free access will give Canadian agricultural products, including wheat, beef and pork, preferential access to the South Korean market and will create a level playing field on which Canadian producers can compete with South Korea's current free trade agreement partners.

For example, South Korean tariffs will be eliminated on:

- wheat, from a current rate of up to 3 percent;
- pork and most processed pork products, from a current rate of up to 30 percent;
- beef and most processed beef products, from a current rate of up to 72 percent;
- refined and crude canola oil, from a current rate of 5 percent;
- beef fats/tallow, from a current rate of 8 percent;
- un-roasted barley malt, from a current rate of up to 269 percent;
- wheat flour, from a current rate of 4.2 percent; and
- certain bakery products, from a current rate of 8 percent.

“For the past few years, Canada’s key beef competitor, the United States, has enjoyed an increasing tariff advantage flowing from its FTA with South Korea, and Australia is poised to do likewise through its recent agreement with Korea. Their gain has been our loss. This announcement means Canadian beef will be able to once again compete for meaningful access in the South Korean market.”

Martin Unrau, Past President, Canadian Cattlemen's Association

New access for world-class Canadian beef and pork

The Canada-Korea Free Trade Agreement will provide new market access opportunities for Canadian exports of beef and pork. The Agreement also recognizes the integrated nature of this industry in the North American economy, providing for rules of origin that will allow these world-class products to benefit from preferential treatment in South Korea. This is important to allow Canada to continue to compete with other exporters of beef and pork to South Korea, including the United States and the European Union—competitors that have benefited from lower tariffs since the implementation of the Korea-U.S. and Korea-EU free trade agreements.

Canada's share of Korean fresh, chilled and frozen pork imports dropped from 14.2 percent in 2010 (i.e., before the implementation of the Korea-U.S. and Korea-EU free trade agreements) to 8.9 percent in 2013, representing a loss in export value of \$22 million. During the same period, U.S. and EU market share increased by 10.2 percent to reach 76.3 percent.

In 2012, following the resumption of Canada's access to South Korea's beef market, Canadian fresh, chilled and frozen beef exports to South Korea were valued at \$9.6 million. However, in 2013, Canadian beef exports declined to \$6.7 million as a result of the growing tariff differential with U.S. and EU competitors. Between 2010 and 2012, South Korean beef imports were worth an average of approximately \$1.3 billion annually, while pork imports were worth an average of approximately \$1.1 billion annually.

Under the Canada-Korea Free Trade Agreement:

- duties of up to 25 percent for fresh, chilled and frozen pork will be eliminated in 5 to 13 years; and
- duties that range from 40 to 72 percent for fresh, chilled and frozen beef cuts, and some processed beef, will be eliminated in 15 years.

“Although South Korea lifted its BSE restrictions on Canadian beef in 2012, the U.S.-Korea FTA was implemented that year and effectively prevented Canadian beef from fully capitalizing on the important South Korean market. This agreement will restore our ability to ship significant volumes of beef to South Korea, which adds value to every animal processed here in Alberta.”

Greg Bowie, Chair, Alberta Beef Producers

Beyond tariffs

Sanitary and phytosanitary (SPS) measures are applied by governments to protect human, animal or plant life or health. These measures can from time to time impact trade in agricultural and agri-food products. The Agreement includes a chapter that addresses SPS issues in which Canada and South Korea agree to build on their shared commitments under the WTO on the application of SPS measures. Under the WTO SPS Agreement, parties recognize the rights of WTO members to take necessary measures for the protection of human, animal or plant life or health while ensuring these measures are based on science and do not unfairly restrict trade.

Under the Agreement, Canada and South Korea will establish a new bilateral SPS committee through which experts can collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit Canadian agricultural and agri-food exporters by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers.

Reaping the benefits

South Korea is a net importer of agricultural and agri-food products, importing \$20 billion worth of such products in 2012. Canada, a significant global supplier of high-quality agricultural products, is South Korea’s fifth-largest supplier of such products. The Agreement will further develop this relationship.

The Agreement will allow Albertan products to compete on a level playing field with other agricultural exporting countries that have signed or implemented

free trade agreements with South Korea, including the United States and the European Union.

New access for world-class Canadian wheat

With more than 51 million acres of land used for crop and livestock production, Alberta produces an abundant supply of world-class agricultural commodities, including wheat.

Alberta’s exports of wheat to South Korea were worth some \$56 million in 2012.

Under the Canada-Korea Free Trade Agreement, current South Korean duties of 1.8 percent on non-durum wheat and 3 percent on durum wheat will be eliminated. This duty-free access will give Canadian wheat preferential access to the South Korean market, and will create a level playing field with South Korea’s current FTA partners.

“The Canada-South Korea Free Trade agreement is good news for Alberta’s barley farmers, as the anticipated increase in demand for beef and pork exports will mean greater demand for feed barley. As demand for our exports grows, so too does the profitability for our local farmers. This agreement is the next step toward achieving a more secure agricultural future for barely farmers.”

Matt Sawyer, Chairman, Alberta Barley

Forestry and value-added wood products



The forestry products sector is made up of value-added wood products, other forestry products (such as cork and basketwork) and pulp and paper. Alberta's forestry products sector employed over 18,000 people in 2012, and represents a significant component of the Albertan economy.

Trade snapshot

Alberta's exports of forestry and value-added wood products to South Korea were worth an average of \$125.9 million annually between 2010 and 2012. The free trade agreement with South Korea will provide a significant advantage for Canada's wood and forestry producers and exporters in further expanding market opportunities in South Korea. While all South Korean pulp and paper tariff lines and the majority of other forestry product tariff lines are already duty-free, South Korean wood tariff lines have significant tariffs—as high as 10 percent—which present a competitive disadvantage for Canadian exporters.

Tariff elimination

Under the Canada-Korea Free Trade Agreement, all South Korean tariffs on forestry and value-added wood products will be eliminated. Over 57 percent of tariff lines for forestry and value-added wood products will be duty-free upon the Agreement's implementation. A further 13.1 percent will become duty-free within three years. Duties on the remaining tariff lines of Canada's exports will be eliminated within 10 years. Current duties average 2.9 percent, with tariff peaks of up to 10 percent.

With Canada's current capacity to export to Asian markets, and the removal of South Korea's tariffs on these products, the Agreement will provide the

Canadian forestry sector with new market access, offering diversification and export opportunities to Canadian industry. This outcome on forestry and value-added wood products will provide Canada with market access commensurate with that obtained by the United States under KORUS.

For example, South Korean tariffs will be eliminated on:

- spruce, pine, and fir lumber, from a current rate of 5 percent;
- oriented strand board, from a current rate of 8 percent;
- fiber board, from a current rate of 8 percent;
- particle board, from a current rate of 8 percent; and
- plywood, from a current rate of up to 10 percent.

Beyond tariffs

The Agreement contains strong provisions on non-tariff measures that will ensure that market access gains in the forestry and wood building products sectors are not undermined by unjustified trade barriers. For example, the Agreement requires the use of internationally accepted standards (in the absence of a compelling reason not to) and contains strong transparency-related commitments that go beyond existing WTO obligations, which will make it easier for Canadians and South Koreans to work together on the development of technical regulations and standards, and help to prevent the introduction of new technical barriers to trade, including in the areas of forestry and wood building products.

The Agreement also establishes various institutional mechanisms of relevance for this sector. For instance, the Agreement creates a sub-committee on trade in forest products that will facilitate addressing any issues related to trade in forest products. The Agreement also provides for a working group—specifically related to wood building products—designed to facilitate trade through cooperation and information sharing, including in the areas of standards and regulatory issues. The Agreement also establishes a sanitary and phytosanitary (SPS) committee that will enable experts to collaborate and consult on forestry-related SPS issues.

Reaping the benefits

Canada has a competitive advantage in the production of forestry and value-added wood products and is one

of the top exporters worldwide. Canadian producers and exporters of forestry and value-added wood products already have the capacity to export to Asian markets. The Agreement will create new opportunities to further develop existing and new markets in South Korea and the Asia-Pacific region.

Industrial goods



Some 212,000 hard-working Albertans and their families depend on the industrial goods sector for their livelihood, with the sector accounting for approximately 31 percent of Alberta's GDP in 2012.

Trade snapshot

From 2010 to 2012, Alberta's exports of industrial goods to South Korea were worth an annual average of \$296.5 million. The Canada-Korea Free Trade Agreement will significantly improve market access opportunities for Alberta's industrial goods sector by eliminating tariffs on all of Canada's industrial goods exports.

The Canadian market is already largely open to imports, including those from South Korea. Mutual tariff elimination will help make Alberta exports of industrial goods more price competitive with South Korean domestic production. The Agreement will also help Alberta exporters maintain a competitive footing with major competitors who have already secured a free trade agreement with South Korea.

Tariff elimination

When the Agreement enters into force, over 95 percent of South Korean tariff lines for industrial products will be subject to immediate duty-free access. Alberta businesses stand to gain considerably when all South Korean tariffs on industrial goods are eliminated within 10 years. Without a free trade agreement, Canadian

businesses would be at a disadvantage in the South Korean market against major competitors. The Canada-Korea Free Trade Agreement will create market access opportunities for Alberta exporters across a number of industries.

For example, South Korean tariffs will be eliminated on:

- nickel powder and flakes, from a current rate of 5 percent;
- aircraft turbo-propellers, from a current rate of 3 percent;
- certain chemical catalysts, from a current rate of 6.5 percent;
- carbon, from a current rate of 5.5 percent; and
- flywheels and pulleys, from a current rate of 8 percent.

Metals and minerals

Alberta's diverse resource portfolio includes natural gas, oil, coal and minerals. More specifically, Alberta's metal refining and minerals sector is a foundational industry that allows for infrastructure development as well as energy and natural resource production in Alberta. The world-class expertise found in Alberta's metal manufacturing and refining sector ensures that demand for its goods and services is strong and that it is positioned to deliver high value both in Alberta and around the world. The metal and mineral goods sector represented 27.5 percent of the province's total GDP in 2012 and employs more than 181,000 Albertans, creating employment opportunities that provide some of the highest earnings in the economy.

Metals: South Korea will eliminate its tariffs on nickel powder and flakes from a current rate of up to 5 percent, immediately upon the Agreement's entry into force. This outcome is commensurate with KORUS.

Minerals: Tariffs on 94.2 percent of minerals will be eliminated immediately upon the Agreement's entry into force, and all South Korean duties on mineral products will be eliminated within five years. South Korean duties on these products are currently as high as 8 percent. This outcome is commensurate with KORUS.

The Agreement's investment chapter will benefit Canadian investors in the metals and minerals sector as

South Korea has committed to providing non-discriminatory access to its mining sector. Canadian investors will also have access to an impartial dispute settlement mechanism to resolve disputes arising from the chapter on investment. This outcome is commensurate with KORUS.

Beyond tariffs

Canada and South Korea recognize the importance of fostering cooperation and transparency in standards-related measures and have committed to encourage the use of internationally recognized standards and membership in multilateral arrangements to minimize duplicative certification and testing of products, including those related to medical devices.

The Agreement will also include a mechanism that will allow either party to raise concerns with the other party's standards-related measures, with the goal of minimizing or eliminating the measures' impact on trade. Canada and South Korea have negotiated provisions that will allow citizens of the other party to participate in the development of technical regulations and conformity assessment procedures on terms no less favourable than those that apply for their own citizens. This will help minimize or eliminate barriers before they come into place.

Minimizing the impact of technical barriers will help maximize market access for Alberta's exports.

Reaping the benefits

Canada has obtained a tariff outcome—the elimination of all tariffs on industrial goods—that will level the playing field with key competitors such as the United States and the European Union, and provide enhanced market access opportunities in some specific areas of interest to Alberta. As a result, Alberta businesses stand to gain considerably from the Canada-Korea Free Trade Agreement.

Opening new markets in South Korea for Alberta's world-class services



The services sector is a key driver of Alberta's economy, accounting for 52.9 percent of the province's total GDP and employing more than 1.5 million Albertans in 2012.

Trade snapshot

Canada's services exports to South Korea are worth more than \$750 million a year. Alberta's key export interests in this vibrant sector include architectural, construction, environmental, financial, tourism, transportation, information and communications technology, and oil and gas services. Jobs in this sector are traditionally highly skilled and well-paying, creating important opportunities for Canadian expertise.

Improved access to markets

The Canada-Korea Free Trade Agreement will provide Canadian service suppliers with greater and more predictable access to the dynamic South Korean market. Once in force, the agreement will create a level playing field for Canadian service suppliers against key competitors from the United States and the European Union, which have implemented free trade agreements with South Korea.

- The Agreement includes 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. The Agreement will establish enhanced market access in areas such as professional services

(e.g. foreign legal consultancy services, commercial education and training, research and development), environmental services, and business services. This outcome is commensurate with South Korea's free trade agreement commitments to the United States and the European Union.

- The Agreement uses a “negative list” approach for listing reservations to the obligation of the cross-border trade in services chapter, which means that everything is open unless otherwise listed in a reservation.
- The Agreement also ensures that any future changes that aim to make it easier for Canada's service providers to access the South Korean market (or for Canadian investors to obtain better treatment) will be locked in every time they bring improvements in access. This is referred to as the “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 Agreement.

Temporary entry for business persons

South Korea's temporary-entry commitments under the Agreement are more ambitious than any of South Korea's other free trade agreements. The Agreement's temporary-entry provisions will provide new, preferential access to the South Korean market, facilitating movement between Canada and South Korea for business visitors, traders and investors, intra-company transferees, professionals (i.e. contract service suppliers and independent professionals) and their spouses.

Under the Agreement, Canadian firms can send their employees to South Korea to fulfill service contracts, for instance, in science, engineering and IT fields. Canadian independent professionals (i.e. self-employed professionals contracted directly by a South Korean or South Korean company) such as architects, engineers, management consultants and veterinarians may enter the South Korean market with a pre-arranged contract.

In addition, the Agreement will benefit the e-commerce and telecommunications sectors.

Telecommunications

The telecommunications sector is important for the economies of Canada and South Korea. Not only is telecommunications a constantly growing service sector, it is one of the most important enablers in the modern economy, providing the means of delivering other services that Canadians depend on.

The Agreement will ensure that all players in the telecommunications market have fair access to networks and services in each other's market and that regulators act impartially, objectively and in a transparent manner. Service providers and investors will benefit from increased transparency and predictability of the regulatory environment and secure, competitive marketplaces.

E-commerce

Electronic commerce was in its infancy 20 years ago. Today, e-commerce is a part of our daily lives. Canadians shop and plan holidays online, and buy and download software and entertainment content, including movies, television and music. Advertisers are making increased use of “smart advertising” on the Web to track our shopping habits and promote specific deals likely to interest us.

Canada and South Korea recognize the growing economic importance and changing nature of this technologically advanced sector. To facilitate trade in the digital economy, the Agreement includes a commitment whereby both parties will not levy customs duties, fees or other charges on digital products that are transmitted electronically. As well, Canada has agreed to important measures under the Agreement aimed at building trust and confidence in the digital environment, such as those having to do with the online protection of e-commerce users' personal information.

Protecting services and policies that matter to Canadians

Nothing in the Agreement prevents governments from regulating in the public interest, including in areas related to the delivery of public services, the provision of preferential treatment for Aboriginal peoples, or the adoption of measures to protect or promote Canadian culture. For example, public services such as health, public education and other social services will be excluded from the obligations of the Agreement, ensuring that governments remain free to enact the policies and programs they choose in these areas.

Reaping the benefits

The Agreement provides Canadian service providers with improved protection, predictability and transparency for conducting business, as well as greater access to South Korea's sophisticated services market.

Canadian gains under the Canada-Korea Free Trade Agreement will enable Canadian companies to compete on a level playing field with their major competitors in the South Korean market, giving them an advantage over competitors from other countries. Ultimately, this advantage will benefit the entire Canadian economy and lead to new jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

How the Canada-Korea Free Trade Agreement Benefits British Columbia



Creating jobs and opportunities for British Columbians

British Columbia stands to benefit significantly from preferred access to the South Korean market. South Korea is already British Columbia's fourth-largest trading partner and export destination—in fact, 50 percent of all Canadian exports to South Korea are from British Columbia. B.C.'s exports to South Korea from 2010 to 2012 were worth an annual average of \$2.18 billion.

Upon entry into force, the Canada-Korea Free Trade Agreement will eliminate tariffs on almost all of British Columbia's key exports and provide access to new opportunities in the South Korean market. Exporters in these sectors will also benefit from other Agreement provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reduce or eliminate other non-tariff measures, reinforce intellectual property rights and ensure more transparent rules for market access. Overall, British Columbia has a lot to gain from the Canada-Korea Free Trade Agreement.

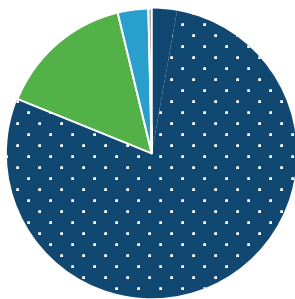
Top benefits for British Columbia:

- duty-free access for forestry and value-added wood products, including lumber, plywood, particle board and oriented strand board;
- duty-free access for fish and seafood, including salmon and Dungeness crab and other shellfish;
- duty-free market access for most agricultural and agri-food products, including icewine, cherries and berries;
- improved access for professional services;
- predictable, non-discriminatory rules for Canadian investors;
- improved access to South Korea's government procurement market;
- strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions.

“Port Metro Vancouver is very pleased with the conclusion of a free trade agreement between Canada and South Korea. This is an important step forward in the growing trade relationship between our two countries. South Korea is the port of Vancouver's third-largest trading partner in Asia, with trade involving more than 200,000 containers per year and including commodities such as grain from the Prairies and natural resources from British Columbia. This trade liberalization agreement will further increase the \$10 billion in annual two-way trade between Canada and South Korea, creating jobs and driving economic growth across Canada.”

Robin Silvester, President and CEO of Port Metro Vancouver

Merchandise exports from British Columbia to South Korea (2010-2012 annual average)
(value in millions of Canadian dollars)



- Industrial goods, 1,762.5
- Metals and minerals (included in industrial goods), 1,701.9
- Forestry and value-added wood products, 327.9
- Agriculture and agri-food, 74.0
- Fish and seafood, 8.1

Opening new markets in South Korea for British Columbia's world-class products

Industrial goods



Some 94,000 hard-working British Columbians and their families depend on the industrial goods sector for their livelihood, with the sector accounting for approximately 9 percent of British Columbia's GDP in 2012.

Trade snapshot

From 2010 to 2012, British Columbia's exports of industrial goods to South Korea were worth an annual average of \$1.76 billion. The Canada-Korea Free Trade Agreement will significantly improve market access opportunities for British Columbia's industrial goods sector by eliminating tariffs on all Canadian exports of industrial goods.

The Canadian market is already largely open to global imports, including those from South Korea. Mutual tariff elimination will help make British Columbia's exports of industrial goods more price competitive with South Korean domestic production. The Agreement will also help British Columbia's exporters maintain a competitive footing relative to major competitors who already benefit from an FTA with South Korea.

Tariff elimination

When the Agreement enters into force, over 95 percent of South Korean tariff lines for industrial products will be subject to immediate duty-free access. British Columbian businesses stand to gain considerably when all South Korean tariffs on industrial goods are

eliminated within 10 years. Without a free trade agreement, Canadian businesses would be at an increasing disadvantage in the South Korean market against major competitors. The Canada-Korea Free Trade Agreement will create market access opportunities for British Columbia exporters across a number of industries.

For example, South Korean tariffs will be eliminated on:

- chemicals, from a current rate of up to 8 percent;
- scientific instruments, from a current rate of up to 8 percent; and
- industrial machinery, from a current rate of up to 13 percent.

Metals and minerals

B.C.'s mineral-exploration and mining industry is an integral part of the provincial economy, representing 5.8 percent of total GDP in 2012. The province is Canada's single-largest exporter of coal, the largest producer of copper and the only producer of molybdenum. British Columbia also produces significant amounts of gold, silver, lead, zinc, aluminum and more than 30 industrial minerals. The sector employs more than 33,000 British Columbians, creating employment opportunities that provide some of the highest earnings in the economy.

Metals: South Korea will eliminate its tariffs on 98.4 percent of aluminum lines, from a current rate of up to 8 percent, immediately upon the Agreement's entry into force, with the remainder eliminated within five years. This outcome is commensurate with KORUS.

Minerals: Tariffs on 94.2 percent of minerals that Canada sold to South Korea between 2010 and 2012 will be eliminated immediately upon the Agreement's entry into force, and all South Korean duties on mineral products will be eliminated within five years. South Korean duties on these products currently reach as high as 8 percent.

The Agreement's investment chapter will benefit Canadian investors in the metals and minerals sector as South Korea has committed to providing non-discriminatory access to its mining sector. Canadian investors will also have access to an impartial investor-

state dispute settlement mechanism to resolve disputes arising from the chapter on investment. This outcome is commensurate with KORUS.

Beyond tariffs

Canada and South Korea recognize the importance of fostering cooperation and transparency in standards-related measures and have committed to encourage the use of internationally recognized standards and membership in multilateral arrangements to minimize duplicative certification and testing of products, including those related to medical devices.

The Agreement will also include a mechanism that will allow either party to raise concerns with the other party's standards-related measures, with the goal of minimizing or eliminating the measures' impact on trade. Canada and South Korea have negotiated provisions that will allow citizens of the other party to participate in the development of technical regulations and conformity assessment procedures on terms no less favourable than those that apply for their own citizens. This will help minimize or eliminate barriers before they come into place.

Minimizing the impact of technical barriers will help maximize market access for British Columbia's exports.

Reaping the benefits

Canada has obtained a tariff outcome—the elimination of all tariffs on industrial goods—that will level the playing field with key competitors such as the United States and the European Union, and provide enhanced market access opportunities in some specific areas of interest to British Columbia. As a result, B.C. businesses stand to gain considerably from the Canada-Korea Free Trade Agreement.

“The Business Council of British Columbia has strongly supported the development of a bilateral trade agreement with South Korea. We believe an agreement will enable more B.C. companies to sell into and do business with South Korea, which is both a large market and one of the most prosperous countries in Asia. Among the sectors expected to benefit from a Canada-Korea FTA are wood products, agri-

food, advanced technology, mining and post-secondary education.”

Jock Finlayson, Executive Vice President and Chief Policy Officer, Business Council of BC

“A Canada-South Korea free trade agreement is a coup for almost every industry and region in British Columbia. Whether it's northeastern B.C.'s natural gas industry, the interior and coastal forest industries, the coast and islands' fish and seafood exporters, the Okanagan and Fraser valleys' agriculture and agri-food operations or the Lower Mainland's IT and professional services providers, a multitude of B.C. businesses stand to gain from this agreement. Reducing tariff and non-tariff barriers with South Korea will give our businesses a critical competitive edge in accessing this strong emerging market. A South Korean trade deal also secures Canada a much-needed foothold in the fast-growing Asia-Pacific market. The BC Chamber of Commerce applauds the federal government for getting this deal done.”

John Winter, President & CEO, BC Chamber of Commerce

Forestry and value-added wood products



The forestry products sector is made up of value-added wood products, other forestry products (such as cork and basketwork) and pulp and paper. British Columbia's forestry products sector employed over

56,000 people in 2012 and is a significant component of the British Columbian economy.

Trade snapshot

British Columbia accounts for the largest share of Canada's exports of forestry and value-added wood products to South Korea, with exports averaging \$327.9 million annually between 2010 and 2012. The Canada-Korea Free Trade Agreement will provide a significant advantage for Canada's wood and forestry producers and exporters in further expanding market opportunities in South Korea. While all South Korean pulp and paper tariff lines and the majority of other forestry product tariff lines are already duty-free, South Korea imposes significant tariffs—as high as 10 percent—which present a competitive disadvantage for Canadian exporters.

Tariff elimination

Under the Canada-Korea Free Trade Agreement, all South Korean tariffs on forestry and value-added wood products will be eliminated. Over 57 percent of tariff lines for forestry and value-added wood products will be duty-free upon the Agreement's implementation. A further 13.1 percent will become duty-free within three years. Duties on the remainder of Canada's exports will be eliminated within 10 years. Current duties average 2.9 percent, with tariff peaks up to 10 percent.

With Canada's current capacity to export to Asian markets, and the removal of South Korea's tariffs on these products, the Agreement will provide the Canadian forestry sector with new market access, offering diversification and export opportunities to Canadian industry. This outcome on forestry and value-added wood products will provide Canada with market access commensurate with that obtained by the United States under KORUS.

For example, South Korean tariffs will be eliminated on:

- spruce, pine, and fir lumber, from a current rate of 5 percent;
- oriented strand board, from a current rate of 8 percent;
- Western hemlock lumber, from a current rate of 5 percent;
- wood beams and arches, from a current rate of 8 percent;

- particle board, from a current rate of 8 percent; and
- plywood, from a current rate of up to 10 percent.

New markets for custom home packages

Viceroy Homes has designed, engineered and manufactured custom home packages for more than half a century. The company is one of Canada's largest manufacturers of paneled wood-frame housing, kitchen cabinets and hardwood flooring. With facilities in Ontario and British Columbia, Viceroy proudly employs more than 400 workers, most of them involved in production for export markets. In the past three decades, the company has exported products worth more than \$865 million to the United States and to offshore markets. Some of the Viceroy products exported to South Korea currently face an 8-percent tariff. With the trade agreement, Viceroy can be on an even footing with its competitors and is looking forward to expanding into the fast-growing and dynamic Asian market.

Beyond tariffs

The Agreement contains strong provisions on non-tariff measures that will ensure that market access gains in the forestry and wood building products sectors are not undermined by unjustified trade barriers. For example, the Agreement requires the use of internationally accepted standards (in the absence of a compelling reason not to) and contains strong transparency-related commitments that go beyond existing WTO obligations, which will make it easier for Canadians and South Koreans to work together on the development of technical regulations and standards, and help to prevent the introduction of new technical barriers to trade, including in the areas of forestry and wood building products.

The Agreement also establishes various institutional mechanisms of relevance for this sector. For instance, the Agreement creates a sub-committee on trade in forest products that will make it easier to address issues related to trade in forest products, as well as a working group specifically related to wood building products designed to facilitate trade through cooperation and information sharing, including in the areas of standards and regulatory issues. The Agreement also establishes a sanitary and phytosanitary (SPS) committee that will

enable experts to collaborate and consult on forestry-related SPS issues.

Reaping the benefits

Canada has a competitive advantage in the production of forestry and value-added wood products and is one of the top exporters worldwide. Canadian producers and exporters of forestry and value-added wood products already have the capacity to export to Asian markets. The Agreement will create new opportunities to further develop existing and new markets in South Korea and the Asia-Pacific region.

Fish and seafood products



The fish and seafood products sector provides jobs for close to 7,200 British Columbians and makes a significant contribution to the provincial economy.

Trade snapshot

British Columbia's average fish and seafood exports to South Korea were worth some \$8.1 million annually between 2010 and 2012. The Canada-Korea Free Trade Agreement will create significant market access opportunities for Canada's fish and seafood sector by eliminating South Korea's high tariffs on all fish and seafood products. Canadian fish and seafood exports to South Korea face tariffs of up to 47 percent.

Tariff elimination

Under the Agreement, all South Korean tariffs on fish and seafood products will be eliminated. Nearly 70 percent of fish and seafood product tariff lines will be duty free within five years and all remaining duties will be eliminated within 12 years. The Agreement will eliminate average South Korean tariffs of 16.5-percent in this sector—tariffs which may reach as high as 47 percent.

For example, South Korean tariffs will be eliminated on:

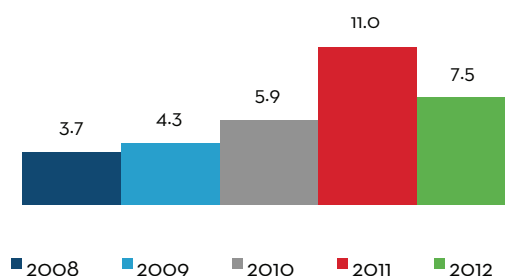
- frozen rays and skates, from a current rate of 10 percent;
- frozen sole, from a current rate of 10 percent;
- salmon, from a current rate of up to 20 percent; and
- frozen crab, from a current rate of up to 20 percent.

Beyond tariffs

Canada and South Korea recognize the importance of ensuring that improved market access in the fisheries and seafood sector are supported by robust SPS provisions.

Under the Agreement, an SPS committee will allow experts to collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit Canadian fish and seafood exporters by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers.

Fish and seafood exports from British Columbia to South Korea (2008-2012)
(value in millions of Canadian dollars)



Reaping the benefits

Eliminating South Korea's high tariffs in this sector will generate a price advantage for British Columbia's fish and seafood exports that will facilitate the expansion of Canadian exports to South Korea's growing market.

By obtaining market access under the Agreement, Canadian companies will benefit from a more level playing field when competing against companies from

key countries that already have free trade agreements with South Korea, such as the United States, the European Union, Norway and Chile.

B.C.'s exports of fish and seafood to South Korea

British Columbia's fish and seafood sector makes a significant contribution to the provincial economy and the social fabric of numerous coastal communities.

British Columbia's fish and seafood exports to South Korea were worth an average of \$8.1 million annually between 2010 and 2012, and included salmon and salmon products, and Dungeness crab.

Under the Canada-Korea Free Trade Agreement, current duties of up to 47 percent on fish and seafood products faced by Canadian exporters will be eliminated. This duty-free access will give Canadian products preferential access to the South Korean market, and will create a level playing field with South Korea's current FTA partners.

"A Canada-Korea free trade agreement will be good for Canada's Pacific wild seafood industry. The U.S.-Korea free trade arrangement, which came into effect in 2012, is eagerly being seized on by our Alaskan competitors and we cannot afford to be left behind. We know there are benefits to a free trade agreement with Korea because our Alaskan competitors are already enjoying them. Reducing tariffs on seafood will open up the Korean market to high-quality Canadian Pacific seafood, and this will translate into jobs and prosperity for British Columbians."

Christopher Sporer, Executive Director, Seafood Producers Association of British Columbia

"Seafood is B.C.'s most valuable agri-food export commodity, worth about \$1 billion annually. Tariffs on exports of seafood to South Korea are 20 percent or more for salmon, halibut, sablefish, prawns, herring roe, sea urchins, geoduck, shrimp and prawns and 10-20 percent for groundfish. Clearly, a free trade agreement with South Korea is good for our industry and great for the West Coast. Trade means jobs and a higher standard of living for Canadians."

Christina Burrige, Executive Director, BC Seafood Alliance

Agricultural and agri-food products



British Columbia's agricultural and agri-food products sector employed over 52,000 people in 2012 and is a significant driver of economic activity in the province.

Trade snapshot

British Columbia's agricultural exports to South Korea were worth an annual average of \$74 million from 2010 to 2012, led by food preparations, animal and vegetable fats, tallow, wheat flour and pork. British Columbia will benefit from expanding exports of these and a wide variety of other products, including meats and fruits. Canadian agricultural exports to South Korea currently face high tariff rates, which averaged 52.7 percent in 2012.

Tariff elimination

The Canada-Korea Free Trade Agreement will eliminate all tariffs on 86.8 percent of agricultural tariff lines. This duty-free access will give Canadian agricultural products, including pork, wine and fruit, preferential access to the South Korean market and will create a level playing field on which Canadian producers can compete with South Korea's current free trade agreement partners.

For example, South Korean tariffs will be eliminated on:

- wine (including icewine), from a current rate of 15 percent;
- beef fats/tallow, from a current rate of up to 8 percent;
- wheat flour, from a current rate of 4.2 percent;
- most food preparations, from a current rate of up to 30 percent;
- dried and fresh/chilled cranberries, from a current rate of 45 percent;
- blueberries and other berries, from a current rate of 30 to 45 percent; and
- mixed vegetable/animal fats and oils, from a current rate of 8 percent.

New access to South Korea for B.C.'s cherries and blueberries



B.C.'s exports of fresh and frozen cherries and blueberries were worth \$210.8 million in 2012.

Under the Canada-Korea Free Trade Agreement, current duties faced by Canadian producers will be eliminated, including duties of up to 45 percent on cherries and blueberries.

The Canada-Korea Free Trade Agreement will provide new market access opportunities for B.C. exports of these fruits.

Beyond tariffs

Sanitary and phytosanitary (SPS) measures are applied by governments to protect human, animal or plant life or health. These measures can from time to time impact trade in agricultural and agri-food products. The Agreement includes a chapter that addresses SPS issues in which Canada and South Korea agree to build on their shared commitments under the WTO on the application of SPS measures. Under the WTO SPS Agreement, parties recognize the rights of WTO members to take necessary measures for the protection of human, animal or plant life or health while ensuring these measures are based on science, and do not unfairly restrict trade.

Under the Agreement, Canada and South Korea will establish a new bilateral SPS committee through which experts can collaborate and consult on SPS measures to enhance cooperation and facilitate trade by discussing issues before they become problems. This will benefit Canadian agriculture and agri-food exporters by helping to ensure that market access gains are not undermined by unjustified SPS trade barriers.

“The British Columbia wine industry is excited about the potential for expansion in the key South Korean market. With the growth of B.C. grape acreage and our harvest levels back to normal, we will be looking to new markets to promote our quality B.C. VQA wines around the world. A successful FTA with South Korea would certainly create new opportunities for the ‘Wines of British Columbia’.”

Miles Prodan, President and CEO, British Columbia Wine Institute

Reaping the benefits

South Korea is a net importer of agricultural and agri-food products, importing \$20 billion worth of such products in 2012. Canada, a significant global supplier of high-quality agricultural products, is South Korea's fifth-largest supplier of such products. The Agreement will further develop this relationship.

The Agreement will allow British Columbian products to compete on a level playing field with other agricultural exporting countries that have signed or

implemented free trade agreements with South Korea, including the United States and the European Union.

New access for world-class Canadian beef and pork

The Canada-Korea Free Trade Agreement will provide new market access opportunities for Canadian exports of beef and pork. The Agreement also recognizes the integrated nature of this industry in the North American economy, providing for rules of origin that will allow these world-class products to benefit from preferential treatment in South Korea. This is important to allow Canada to continue to compete with other countries exporting beef and pork to South Korea, including the United States and the European Union, competitors that have benefited from lower tariffs since the implementation of the Korea-U.S. and Korea-EU FTAs.

Canada's share of Korean fresh, chilled and frozen pork imports dropped from 14.2 percent in 2010 (i.e., before the implementation of the Korea-U.S. and Korea-EU free trade agreements) to 8.9 percent in 2013, representing a loss in export value of \$22 million. During the same period, U.S. and EU market share increased by 10.2 percent to reach 76.3 percent.

In 2012, following the resumption of Canada's access to South Korea's beef market, Canadian fresh, chilled and frozen beef exports to South Korea were valued at \$9.6 million. However, in 2013, Canadian beef exports declined to \$6.7 million as a result of the growing tariff differential with U.S. and EU competitors. Between 2010 and 2012, South Korean beef imports were worth an average of approximately \$1.3 billion annually, while pork imports were worth an average of approximately \$1.1 billion annually.

Under the Canada-Korea Free Trade Agreement:

- duties of up to 25 percent for fresh, chilled and frozen pork will be eliminated in 5 to 13 years; and
- duties that range from 40 to 72 percent for fresh, chilled and frozen beef cuts, and some processed beef, will be eliminated in 15 years.

“South Korea has been an important and lucrative market for Canadian beef, and we anticipate that this free trade agreement will restore our place in the South Korean market. It will not only increase our exports but, more importantly, it will add value to every animal we raise and process in Canada.”

Kevin Boon, General Manager, British Columbia Cattlemen's Association

Opening new markets in South Korea for British Columbia's world-class services



The services sector is a key driver of British Columbia's economy, accounting for 75.6 percent of the province's total GDP and employing close to 1.9 million British Columbians in 2012.

Trade snapshot

Canada's services exports to South Korea are worth more than \$750 million a year. B.C.'s key export interests in this vibrant sector include professional services, environmental services, information and technology services, oil and gas, mining, clean energy, transportation and tourism. Jobs in this sector are traditionally highly skilled and well-paying, creating important opportunities for Canadian expertise.

Improved access to markets

The Canada-Korea Free Trade Agreement will provide Canadian service suppliers with greater and more predictable access to the dynamic South Korean market.

Once in force, the Agreement will create a level playing field for Canadian service suppliers against key competitors from the United States and the European Union, which have implemented free trade agreements with South Korea.

- The Agreement includes 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. The Agreement will establish enhanced market access in areas such as professional services (e.g. foreign legal consultancy services, commercial education and training, research and development), environmental services and business services. This outcome is commensurate with South Korea's free trade agreement commitments with the United States and the European Union.
- The Agreement uses a "negative list" approach for listing reservations to the obligation of the cross-border trade in services chapter, which means that everything is open unless otherwise listed in a reservation.
- The Agreement also ensures that any future changes that aim to make it easier for Canada's service providers to access the South Korean market (or for Canadian investors to obtain better treatment) will be locked in every time they bring improvements in access. This is referred to as the "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 Agreement.

Temporary entry for business persons

South Korea's temporary-entry commitments under the Agreement are more ambitious than any of South Korea's other free trade agreements. The Agreement's temporary-entry provisions will provide new, preferential access to the South Korean market, facilitating movement between Canada and South Korea for business visitors, traders and investors, intra-company transferees, professionals (i.e. contract service suppliers and independent professionals) and their spouses.

Under the Agreement, Canadian firms can send their employees to South Korea to fulfill service contracts, for instance, in science, engineering and IT fields. Canadian independent professionals (i.e. self-employed professionals contracted directly by a South Korean or South Korean company) such as architects, engineers, management consultants and veterinarians may enter the South Korean market with a pre-arranged contract.

In addition, the Agreement will benefit the e-commerce and telecommunications sectors.

Telecommunications

The telecommunications sector is important for the economies of Canada and South Korea. Not only is telecommunications a constantly growing service sector, it is one of the most important enablers in the modern economy, providing the means of delivering other services that Canadians depend on.

The Agreement will ensure that all players in the telecommunications market have fair access to networks and services in each other's market and that regulators act impartially, objectively and in a transparent manner. Service providers and investors will benefit from increased transparency and predictability of the regulatory environment and secure, competitive marketplaces.

E-commerce

Electronic commerce was in its infancy 20 years ago. Today, e-commerce is part of our daily lives. Canadians shop and plan holidays online, and buy and download software and entertainment content, including movies, television programs and music. Advertisers are making increased use of "smart advertising" on the Web to track our shopping habits and promote specific deals likely to interest us.

Canada and South Korea recognize the growing economic importance and changing nature of this technologically advanced sector. To facilitate trade in the digital economy, the Agreement includes a commitment whereby both parties will not levy customs duties, fees or other charges on digital products that are transmitted electronically. As well, Canada has agreed to important measures under the Agreement aimed at building trust and confidence in the digital environment, such as those having to do

with the online protection of e-commerce users' personal information.

Protecting services and policies that matter to Canadians

Nothing in the Agreement prevents governments from regulating in the public interest, including in areas related to the delivery of public services, the provision of preferential treatment for Aboriginal peoples, or the adoption of measures to protect or promote Canadian culture. For example, public services such as health, public education and other social services will be excluded from the obligations of the Agreement, ensuring that governments remain free to enact the policies and programs they choose in these areas.

Reaping the benefits

The Agreement provides Canadian service providers with improved protection, predictability and transparency for conducting business, as well as greater access to South Korea's sophisticated services market.

Canadian gains under the Canada-Korea Free Trade Agreement will enable Canadian companies to compete on a level playing field with their major competitors in the South Korean market, giving them an advantage over competitors from other countries. Ultimately, this advantage will benefit the entire Canadian economy and lead to new jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

How the Canada-Korea Free Trade Agreement Will Benefit Yukon

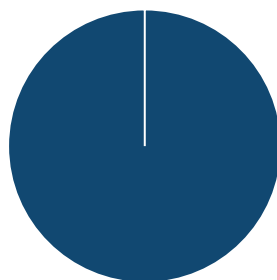


Creating jobs and opportunities for Yukoners

Yukon stands to benefit from preferred access to the South Korean market. South Korea is already Yukon's second-largest export destination, with exports worth an average of \$14 million annually from 2010 to 2012.

While the majority of this trade already enters South Korea duty-free, the Canada-Korea Free Trade Agreement, upon entry into force, will provide access to new opportunities in the South Korean market. For example, potential gains will be had in sectors where Yukon has global export capacity but does not currently export to South Korea—such as mineral products, construction equipment and precious gems—and for which South Korean tariffs will be eliminated under the Agreement. Exporters in these sectors will also benefit from other Agreement provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reinforce intellectual property rights and ensure more transparent rules for market access. Overall, Yukon has a lot to gain from the Canada-Korea Free Trade Agreement.

Merchandise exports from Yukon to South Korea (2010-2012 annual average) (value in millions of Canadian dollars)



■ Industrial goods, 14.0

Top benefits for Yukon:

- tariff elimination on hand tools, from a current rate of up to 8 percent;
- tariff elimination on surveying instruments, from a current rate of up to 8 percent;
- tariff elimination on gold, from a current rate of up to 3 percent;
- tariff elimination on mineral products, from a current rate of up to 8 percent;
- tariff elimination on construction equipment, from a current rate of up to 8 percent;
- improved access for professional services;
- predictable, non-discriminatory rules for Canadian investors;
- improved access to South Korea's government procurement market;
- strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions

Opening new markets in South Korea for Yukon's world-class services



The service sector plays an integral role in Yukon's economy, accounting for 65.6 percent of the territory's total GDP in 2012.

Trade snapshot

Canada's service exports to South Korea are worth more than \$750 million a year. Jobs in this sector are traditionally highly skilled and well-paying, creating important opportunities for Canadian expertise.

Improved access to markets

The Canada-Korea Free Trade Agreement will provide Canadian service suppliers with greater and more predictable access to the dynamic South Korean market. Once in force, the Agreement will create a level playing field for Canadian service suppliers against key competitors from the United States and the European Union, both of whom have implemented their own respective free trade agreements with South Korea.

- The Agreement includes 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. The Agreement will establish enhanced market access in areas such as professional services (e.g. foreign legal consultancy services, commercial education and training, research and development), environmental services and business services. This outcome is commensurate with South Korea's free trade agreement commitments with the United States and the European Union.
- The Agreement uses a "negative list" approach for listing reservations to the obligation of the cross-border trade in services chapter, which means that everything is open unless otherwise listed in a reservation.
- The Agreement also ensures that any future changes that aim to make it easier for Canada's service providers to access the South Korean market (or for Canadian investors to obtain better treatment) will be locked in every time they bring improvements in access. This is referred to as the "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 Agreement.

Temporary entry for business persons

South Korea's temporary-entry commitments under the Agreement are more ambitious than any of South Korea's other free trade agreements. The Agreement's temporary-entry provisions will provide new, preferential access to the South Korean market, facilitating movement between Canada and South Korea for business visitors, traders and investors, intra-

company transferees, professionals (i.e. contract service suppliers and independent professionals) and their spouses.

Under the Agreement, Canadian firms can send their employees to South Korea to fulfill service contracts, for instance, in science, engineering and IT fields. Canadian independent professionals (i.e. self-employed professionals contracted directly by a South Korean or South Korean company) such as architects, engineers, management consultants and veterinarians may enter the South Korean market with a pre-arranged contract.

In addition, the Agreement will benefit the e-commerce and telecommunications sectors.

Telecommunications

The telecommunications sector is important for the economies of Canada and South Korea. Not only is telecommunications a constantly growing service sector, it is also one of the most important enablers in the modern economy, providing the means of delivering other services that Canadians depend on.

The Agreement will ensure that all players in the telecommunications market have fair access to networks and services in each other's market and that regulators act impartially, objectively and in a transparent manner. Service providers and investors will benefit from increased transparency and predictability of the regulatory environment and secure, competitive marketplaces.

E-commerce

Electronic commerce was in its infancy 20 years ago. Today, e-commerce is a part of our daily lives. Canadians shop and plan holidays online, and buy and download software and entertainment content, including movies, television and music. Advertisers are making increased use of "smart advertising" on the Web to track our shopping habits and promote specific deals likely to interest us.

Canada and South Korea recognize the growing economic importance and changing nature of this technologically advanced sector. To facilitate trade in the digital economy, the Agreement includes a commitment whereby both parties will not levy customs duties, fees or other charges on digital products that are transmitted electronically. As well,

Canada has agreed to important measures under the Agreement aimed at building trust and confidence in the digital environment, such as those having to do with the online protection of e-commerce users' personal information.

Protecting services and policies that matter to Canadians

Nothing in the Agreement prevents governments from regulating in the public interest, including in areas related to the delivery of public services, the provision of preferential treatment for Aboriginal peoples, or the adoption of measures to protect or promote Canadian culture. For example, public services such as health, public education and other social services will be excluded from the obligations of the Agreement, ensuring that governments remain free to enact the policies and programs they choose in these areas.

Reaping the benefits

The Agreement provides Canadian service providers with improved protection, predictability and transparency for conducting business, as well as greater access to South Korea's sophisticated services market.

Canadian gains under the Canada-Korea Free Trade Agreement will enable Canadian companies to compete on a level playing field with their major competitors in the South Korean market, giving them an advantage over competitors from other countries. Ultimately, this advantage will benefit the entire Canadian economy and lead to new jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

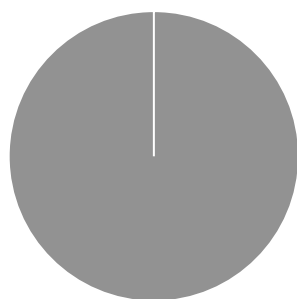
How the Canada-Korea Free Trade Agreement Will Benefit the Northwest Territories



Creating jobs and opportunities for residents of the Northwest Territories

The Northwest Territories stand to benefit from preferred access to the South Korean market. Although the Northwest Territories do not currently export in significant quantities to South Korea, there are potential gains in sectors where South Korean tariffs will be eliminated under the Canada-Korea Free Trade Agreement—such as precious gems, mineral products, and fish and seafood products—and where the Northwest Territories have global export capacity. Exporters in these sectors will also benefit from other Agreement provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reinforce intellectual property rights and ensure more transparent rules for market access. Overall, the Northwest Territories have a lot to gain from the Canada-Korea Free Trade Agreement.

Merchandise exports from Northwest Territories to South Korea (2010-2012 annual average) (value in thousands of Canadian dollars)



■ Fish and seafood, 30.0

Top benefits for the Northwest Territories:

- tariff elimination on diamonds, from a current rate of up to 5 percent;
- tariff elimination on frozen halibut, from a current rate of 10 percent;
- tariff elimination on mineral products, from a current rate of up to 8 percent;
- improved access for professional services;
- predictable, non-discriminatory rules for Canadian investors;
- improved access to South Korea's government procurement market;
- strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions.

Opening new markets in South Korea for the Northwest Territories' world-class services



The service sector in the Northwest Territories is as economically important as the region's mining sector, with the two sectors combined accounting for more than 90 percent of the Northwest Territories' total GDP in 2012.

Trade snapshot

Canada's service exports to South Korea are worth more than \$750 million a year. Jobs in this sector are traditionally highly skilled and well-paying, creating important opportunities for Canadian expertise.

Improved access to markets

The Canada-Korea Free Trade Agreement will provide Canadian service suppliers with greater and more

predictable access to the dynamic South Korean market. Once in force, the agreement will create a level playing field for Canadian service suppliers against key competitors from the United States and the European Union, both of whom have implemented their own respective agreements with South Korea.

- The Agreement includes 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. The Agreement will establish enhanced market access in areas such as professional services (e.g. foreign legal consultancy services, commercial education and training, research and development), environmental services, and business services. This outcome is commensurate with South Korea's free trade agreement commitments with the United States and the European Union.
- The Agreement uses a "negative list" approach for listing reservations to the obligation of the cross-border trade in services chapter, which means that everything is open unless otherwise listed in a reservation.
- The Agreement also ensures that any future changes that aim to make it easier for Canada's service providers to access the South Korean market (or for Canadian investors to obtain better treatment) will be locked in every time they bring improvements in access. This is referred to as the "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 Agreement.

Temporary entry for business persons

South Korea's temporary-entry commitments under the Agreement are more ambitious than any of South Korea's other free trade agreement. The Agreement's temporary-entry provisions will provide new, preferential access to the South Korean market, facilitating movement between Canada and South Korea for business visitors, traders and investors, intra-company transferees, professionals (i.e. contract service suppliers and independent professionals) and their spouses.

Under the Agreement, Canadian firms can send their employees to South Korea to fulfill service contracts, for instance, in science, engineering and IT fields. Canadian independent professionals (i.e. self-employed professionals contracted directly by a South Korean or South Korean company) such as architects, engineers, management consultants and veterinarians may enter the South Korean market with a pre-arranged contract.

In addition, the Agreement will benefit the e-commerce and telecommunications sectors.

Telecommunications

The telecommunications sector is important for the economies of Canada and South Korea. Not only is telecommunications a constantly growing service sector, it is also one of the most important enablers in the modern economy, providing the means of delivering other services that Canadians depend on.

The Agreement will ensure that all players in the telecommunications market have fair access to networks and services, and ensure that regulators act impartially, objectively and in a transparent manner. Service providers and investors will benefit from increased transparency and predictability of the regulatory environment and secure, competitive marketplaces.

E-commerce

Electronic commerce was in its infancy 20 years ago. Today, e-commerce is a part of our daily lives. Canadians shop and plan holidays online, and buy and download software and entertainment content, including movies, television and music. Advertisers are making increased use of "smart advertising" on the Web to track our shopping habits and promote specific deals likely to interest us.

Canada and South Korea recognize the growing economic importance and changing nature of this technologically advanced sector. To facilitate trade in the digital economy, the Agreement includes a commitment whereby both parties will not levy customs duties, fees or other charges on digital products that are transmitted electronically. As well, Canada has agreed to important measures under the Agreement aimed at building trust and confidence in the digital environment, such as those having to do

with the online protection of e-commerce users' personal information.

Protecting services and policies that matter to Canadians

Nothing in the Agreement prevents governments from regulating in the public interest, including in areas related to the delivery of public services, the provision of preferential treatment for Aboriginal peoples, or the adoption of measures to protect or promote Canadian culture. For example, public services such as health, public education and other social services will be excluded from the obligations of the Agreement, ensuring that governments remain free to enact the policies and programs they choose in these areas.

Reaping the benefits

The Agreement provides Canadian service providers with improved protection, predictability and transparency for conducting business, as well as greater access to South Korea's sophisticated services market.

Canadian gains under the Canada-Korea Free Trade Agreement will enable Canadian companies to compete on a level playing field with their major competitors in the South Korean market, giving them an advantage over competitors from other countries. Ultimately, this advantage will benefit the entire Canadian economy and lead to new jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

How the Canada-Korea Free Trade Agreement Will Benefit Nunavut

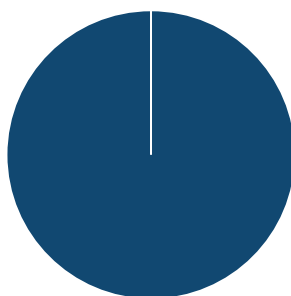


Creating jobs and opportunities for Nunavummiut

Nunavut stands to benefit significantly from preferred access to the South Korean market. South Korea is already Nunavut's sixth-largest export destination, with exports worth an annual average of \$258,587 from 2010 to 2012.

Upon entry into force, the Canada-Korea Free Trade Agreement will eliminate tariffs on almost all of Nunavut's key exports and provide access to new opportunities in the South Korean market. Exporters in these sectors will also benefit from other Agreement provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reinforce intellectual property rights and ensure more transparent rules for market access. Overall, Nunavut has a lot to gain from the Canada-Korea Free Trade Agreement.

Merchandise exports from Nunavut to South Korea (2010-2012 annual average)
(value in thousands of Canadian dollars)



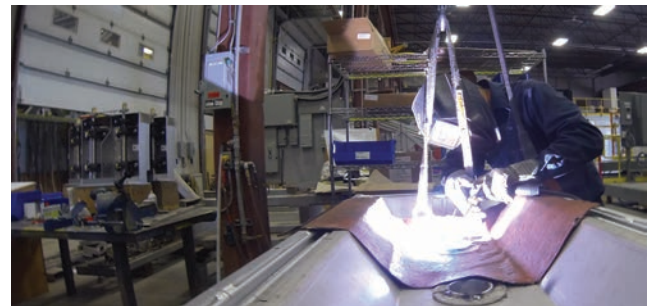
■ Industrial goods, 300.0

Top benefits for Nunavut:

- duty-free access for industrial goods, including scientific instruments, and iron or steel products;
- enhanced market access for agricultural and agri-food products, including baked goods and seal products;
- improved access for professional services;
- predictable, non-discriminatory rules for Canadian investors;
- improved access to South Korea's government procurement market;
- strong provisions on non-tariff measures, backed up by fast and effective dispute settlement provisions.

Opening new markets in South Korea for Nunavut's world-class products

Industrial goods



Trade snapshot

From 2010 to 2012, Nunavut's exports of industrial goods to South Korea were worth an annual average of \$240,289. The Canada-Korea Free Trade Agreement will significantly improve market access opportunities for Nunavut's industrial goods sector by eliminating tariffs on all Canadian exports of industrial goods.

The Canadian market is already largely open to global imports, including those from South Korea. Mutual tariff elimination will help make Nunavut's exports of industrial goods more price-competitive with South Korean domestic production. The Agreement will also help Nunavut exporters maintain a competitive footing

with competitors who already have a free trade agreement (FTA) with South Korea.

Tariff elimination

When the Agreement enters into force, over 95 percent of South Korean tariff lines for industrial products will be subject to immediate duty-free access. Nunavut businesses stand to gain considerably from the elimination of all South Korean tariffs on industrial goods within 10 years. Without a free trade agreement, Canadian businesses would be at a disadvantage in the South Korean market against major competitors. The Agreement will create market access opportunities for Nunavut exporters across a number of industries.

For example, South Korean tariffs will be eliminated on:

- articles of iron or steel, from a current rate of up to 8 percent;
- furskins, from a current rate of up to 5 percent;
- scientific instruments and parts, from a current rate of up to 8 percent.

Beyond tariffs

Canada and South Korea recognize the importance of fostering cooperation and transparency in standards-related measures and have committed to encourage the use of internationally recognized standards and membership in multilateral arrangements to minimize duplicative certification and testing of products, including those related to medical devices.

The Agreement will also include a mechanism that will allow either party to raise concerns with the other party's standards-related measures, with the goal of minimizing or eliminating the measures' impact on trade. Canada and South Korea have negotiated provisions that will allow citizens of the other party to participate in the development of technical regulations and conformity assessment procedures on terms no less favourable than those that apply to their own citizens. This will help minimize or eliminate barriers before they come into place.

Minimizing the impact of technical barriers will help maximize market access for Nunavut's exports.

Reaping the benefits

Canada has obtained a tariff outcome—the elimination of all tariffs on industrial goods—that will level the playing field with key competitors such as the United States and the European Union, and provide enhanced market access opportunities in some specific areas of interest to Nunavut. As a result, Nunavut businesses stand to gain considerably from the Canada-Korea Free Trade Agreement.

Opening new markets in South Korea for Nunavut's world-class services



The services sector plays an integral role in Nunavut's economy, accounting for 67.5 percent of the territory's GDP in 2012.

Trade snapshot

Canada's services exports to South Korea are worth more than \$750 million a year. Jobs in this sector are traditionally highly skilled and well-paying, creating important opportunities for Canadian expertise.

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