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## **CANADA-SOUTH KOREA FREE TRADE AGREEMENT**

The Canada-Korea Free Trade Agreement (CKFTA) took effect on January 1<sup>st</sup>, 2015, marking a new phase in Korean Canadian trade relations. As Canada's first free trade agreement in the Asia Pacific area, the CKFTA lays the groundwork for future trade agreements and provides a gateway for Canadian businesses and workers seeking to expand exports to the region.

In 2005, the Government of Canada estimated that total merchandise exports to Korea would increase by 56% and agri-food exports would almost double — with an FTA between the two nations.

Canada's agri-food exporters agree. They believe that over time, a comprehensive Canada-South Korea FTA will lead to additional exports to that country and would improve market access opportunities for Canadian farmers, ranchers and food processors by eliminating a range of Korean tariffs on agriculture exports. An FTA with South Korea will also preserve Canadian competitiveness and help Canada maintain its position as one of the top five agri-food exporters in the world.

### **South Korea is a critical trading partner for Canada and a priority market for agri-food industries.**

Korea imports over 70% of its food. The consumer market is highly developed and western-style foods are growing in popularity. The potential for expansion in this market is great, which is why other nations are pressing ahead with new trade agreements with South Korea.

In 2014 the South Korean economy was Canada's 9<sup>th</sup> largest export market with over \$578.9 million Canadian exports penetrating the market. Top five exports to the country in 2014 included, wheat, canola, swine cuts, prepared foods and malt products.

### **Loss of the South Korean market was a blow to Canada's agri-food industries.**

Equal access and the level playing field for Canadian agricultural and agri-food exporters is critical for Canada's competitiveness. Losing the South Korean market was a major blow to Canada's agri-food industries, including beef, pork, canola and grains.

Consider the facts:

- In 2011, South Korea finalized a trade deal with the European Union.
- In 2012, South Korea's FTA with the United States came into effect.
- South Korea is currently negotiating FTAs with New Zealand and Mexico.



After these deals were signed, Canada's agri-food exports to Korea fell from more than \$1 billion to just \$530 million. This massive loss in exports was directly attributed to free trade agreements concluded between South Korea and Canada's key competitors, namely the European Union, the United States and most recently Australia.

Canada's agri-food export competitors were securing preferential tariffs at the expense of Canadian producers. Without its own FTA with South Korea, Canada would have faced further declines in exports to this important market; it wouldn't have been able to compete with other nations receiving tariff advantages. South Korea's average applied tariff on agricultural products was 52.6%. Several food products faced tariffs of over 200%.

*CAFTA is a coalition of national and regional organizations that support an open and transparent international trading environment for our agri-food sectors. Our members include Canada's major agri-food exporters including the beef, pork, grain, oilseed, sugar, and malt sectors, where we represent producers, processors and exporters. Together, these sectors produce almost 80 per cent of Canada's agriculture and agri-food exports, conduct about \$50 billion in business annually and directly employ close to 500,000 Canadians.*