



Colin Carrie MP Oshawa

PRIME MINISTER STEPHEN HARPER ANNOUNCES HISTORIC FREE TRADE AGREEMENT WITH THE REPUBLIC OF KOREA

Opens door to Asia-Pacific market for Canadian businesses

Ottawa, ON, March 11, 2014 – Dr. Colin Carrie, Member of Parliament for Oshawa and Parliamentary Secretary to the Minister of the Environment, today, spoke out in support of Prime Minister Stephen Harper’s announcement that Canada and the Republic of Korea have concluded negotiations for a bilateral free trade agreement. This agreement will significantly boost trade and investment ties between the two countries, creating jobs and opportunities for Canadians in every region of the country.

“This is a significant trade agreement that will not only benefit all Canadians, but also presents an excellent opportunity for the auto industry right here in Oshawa,” stated Colin Carrie. “Canada has been in negotiations with South Korea since 2005, and it is important that free trade is also all fair trade. This agreement will now allow Canada to have the same competitive advantages that the United States and the European Union have and will put us on a level playing field.”

The most recent trade statistics, according to the Global Trade Atlas, made it very clear that the Free Trade Agreements signed by the US (KORUS, 2012) and the EU (KOREU, 2011) has been beneficial for the auto sectors in both the US and the EU, and put all Canadian exporters at a competitive disadvantage relative to their US and EU counterparts. In the auto sector, since the implementation of KORUS, U.S. auto exports to Korea have more than doubled (from \$340 million in 2011 to over \$800 million in 2013). Meanwhile, EU auto exports to Korea have doubled (from \$2 billion in 2010 to \$4 billion in 2013) since KOREU. Further, Ford themselves has just recently announced they set an annual sales record for Korea in 2013 and closed the year as Korea’s fastest-growing brand (see: <http://www.at.ford.com/news/cn/Pages/ks13.aspx>)

The Agreement secures Canada’s position in the South Korea 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 (compared to a period of five years under KORUS and up to five years under the EU-Korea FTA), while Canada’s smaller 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 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 provide for such “cumulation.”

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.

Internal taxes: The Agreement's MFN (Most Favoured Nation) provision ensures that Canada benefits not only from existing KORUS provisions but also from any future improvements to the South Korean internal taxation regime for motor vehicles and automotive parts made for any third party.

Emissions and fuel economy standards: The 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.

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 Europe and to many other markets) and will not be subject to any numerical limits as in KORUS. Provisions on new vehicle technologies and compliance testing procedures will also help to facilitate access to the South Korea Market.

The Free Trade Agreement, Canada's first with an Asian market, will create thousands of new jobs in Canada and provide Canadian businesses and workers with a gateway to Asia, enhancing their global competitiveness. It will also level the playing field for Canadian companies competing with Korea's other trading partners, including the United States and the European Union, who already have free trade agreements with Korea.

Canadian consumers will benefit from a greater variety of goods at lower prices, as the Free Trade Agreement will cover virtually all aspects of Canadian-Korean trade: goods and services, investment, government procurement, environment and labour cooperation, and other areas of economic activity.

The Agreement eliminates tariffs and reduces non-tariff measures that hinder market access for Canadian exporters and investors in Korea, bringing transparency and predictability to the business environment. Once the Agreement is fully implemented, Korea will remove duties on 98.2 per cent of its tariff lines, covering virtually all of Canada's imports.

The Canada-Korea Free Trade Agreement will benefit a wide range of sectors, including industrial goods (e.g. chemicals and plastics, information and communications technology, aerospace, metals and minerals, etc.), agricultural and agri-food products, wine and spirits, fish and seafood, and wood and forestry products. The Agreement will also benefit Canada's world-class services sector and strengthen opportunities and protection for two-way investment.

The Agreement is informed by public consultations, and reflects the views and priorities of Canadian businesses, provinces and territories, and other stakeholders. It has the support of Canadian businesses and the associations that represent them.

"Free trade and opening new markets are essential to economic growth and job creation," stated Colin Carrie. "Our government's trade agreement with the European Union last fall will provide Canada with preferential market access to the EU's more than 500 million consumers and to its annual \$17 trillion in economic activity. Now, the Canada-Korea Free Trade Agreement will provide Canadian businesses and workers with unprecedented access to Korea, which has an annual GDP of \$1.1 trillion and a population of 50 million people."

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FOR FURTHER INFORMATION

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