



## **A FREE TRADE AGREEMENT WITH KOREA: AGRICULTURE OPPORTUNITIES**

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A free trade agreement (FTA) with Korea would improve market access opportunities for Canadian farmers, ranchers and food processors by eliminating a range of Korean tariffs on agriculture exports.

### **Korea is an important market for Canada**

- Canada exported \$505 million in agriculture and agri-food products to Korea in 2005, making Korea the fifth-largest destination for Canadian agriculture and agri-food exports in the world, and third-largest in Asia. Improved market access will lead to greater opportunities for our agricultural producers.

### **Potential for increased trade in the future**

- In 2005, Korea imported \$12.2 billion worth of agriculture and agri-food products from the world, including many products where Canada is a net exporter.
- Opportunities exist for a wide variety of products including bulk commodities, intermediate commodities, processed food products and beverages.
- Changing lifestyles and diets in Korea have led to an increased demand for international foods, including Canada products.

### **How an FTA with Korea can benefit Canada**

Korea applies an average MFN tariff of over 52.6% on imported agricultural goods. This tariff is much higher than Canada's overall applied MFN agriculture tariff of 21%. Canada's average agricultural tariff decreases to 5.2% once tariffs on over-quota supply managed products, which are excluded from Canada's FTAs, are excluded from these calculations. Specific Korean tariffs affecting products of export interest to Canada include:



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<b>Product</b>	<b>Tariff</b>
Beef	18 – 72%
Pork	18 – 30%
Malting barley	30% within quota & 513% over quota tariff
Canola oil – Crude	8%
– Refined	10%
Wine	15%
Rye Whisky	20%

- In these FTA talks, Canada is seeking to reduce trade barriers, such as high tariffs, to create new opportunities for Canadian producers and processors so they may realize their potential.
- An FTA would provide an opportunity for Canada to address technical barriers to trade (TBT), and sanitary and phytosanitary (SPS) measures, that currently restrict market access for agricultural products. These improvements would complement tariff phase-out and elimination.
- As in its previous FTAs, Canada will exclude the over-access tariffs on supply-managed products from tariff reduction.