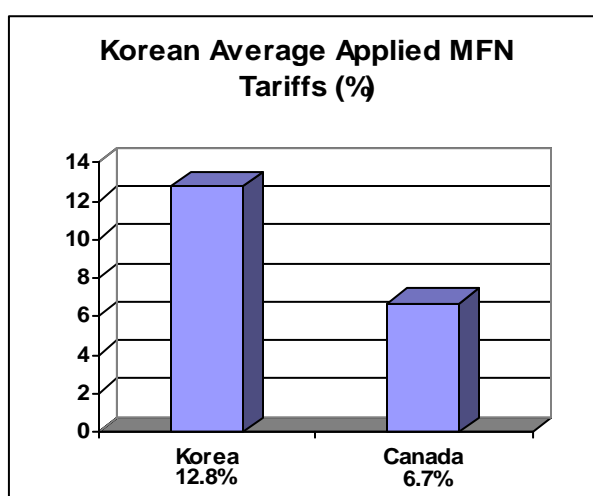




A FREE TRADE AGREEMENT WITH KOREA: BENEFITS OF TARIFF ELIMINATION

A Canada-Korea free trade agreement (FTA) would improve market access opportunities for Canadian exporters competing in the Korean market through the elimination, or reduction, of applied tariffs.



- Korea's average applied Most-Favoured Nation (MFN) tariff of 12.8% is almost twice Canada's at 6.7% (see graph left).
- In Canada, 54% of products have a 0% rate of duty. In Korea, only 13% of products enter duty free.
- Korea applies a 15% tariff or more, on 9% of all products, while Canada applies such rates on only 5% of all products.

Korea applies relatively higher rates on industrial, agricultural and fish products. As shown in the table below, this is particularly evident in the case of agriculture and fish.

Canadian vs. Korean Applied MFN Tariffs

	Korea's Applied MFN Tariff	Canada's Applied MFN Tariff
Industrial Goods	6.3%	3.9%
Agriculture Products	52.6%	21% ¹
Fish products	17.6%	1.4%
TOTAL	12.8%	6.7%

The elimination of tariffs and other barriers to trade through an FTA offers an excellent opportunity for increasing exports to Korea. By providing preferential market access to

¹ 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.



**A FREE TRADE AGREEMENT WITH KOREA:
BENEFITS OF TARIFF ELIMINATION**

Canadian exporters, this FTA would result in significant benefits in these categories, some of which are listed below.

Illustrative list of Korean tariffs

	Korea's Average Applied MFN Tariff	Canada's Average Applied MFN Tariff
Beef	31.8%	7.9%
Pork	19.5%	1.6%
Malting Barley	30% within quota & 513% over quota	1% within quota & 94.5% over quota
Scotch and Whiskey	20%	Free
Lobster	20%	2.5%
Haddock, Salmon, Monkfish, Skate, Rockfish, Sardines, Herrings, Mackerel, Hagfish	14.7%	0.1%
Shrimp	20%	Free
Crabs	18.7%	3.3%
Cosmetics	7.7%	5.4%
Fertilizer	5.6%	0.2%
Wood Products	5.5%	2.4%
Textiles	9.0%	7.1%
Electrical Machinery	6.8%	2.8%
Chemicals	6.1%	2.9%
Mineral Products	3.0%	0.6%
Metals	6.0%	1.3%