



A FREE TRADE AGREEMENT WITH KOREA: FORESTRY OPPORTUNITIES

Canada is a major global supplier of forestry products, with exports of almost \$44 billion in 2005, and has a significant competitive advantage in the production of many forestry products. A free trade agreement (FTA) with Korea could provide potential gains for Canada in this important sector.¹

Korea is an important market for Canada

- Korea relies heavily on imports of forestry products, importing \$5.8 billion worth of forestry products in 2005.
- Despite restrictive tariffs on many tariff lines, Korea imported \$565 million worth of Canadian forestry products in 2005, representing approximately 9.8% of Korea's total imports of forestry products.

Potential for increased trade in the future

- Korea offers substantial market growth potential for Canadian forestry products which accounted for 5.3% of Canada's non-U.S. exports in 2005.
- Given that currently 81% of Canada's forestry products are shipped to the United States, an FTA with Korea would allow for greater export potential and diversification of Canadian exports into this large and sophisticated Asian market.
- Top Korean imports in 2005 included: wood (\$1.9 billion), wood pulp (\$1.9 billion), and paper and paperboard (\$1.0 billion).

How an FTA with Korea can benefit Canada

The average tariff rate applied on forestry products in Korea is 5.6%. Listed below are applied tariff rates on forest products of particular Canadian export interest:

¹ All data are in customs basis. HS 44, 45, 46, 47, 48 and 49 were used to compute forestry products.



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Product	Tariff
Coniferous or softwood lumber (e.g. hemlock, cedar, pine, spruce)	5%
Non-coniferous lumber (e.g. maple, poplar, birch)	5%
Particle board	8%
Pre-fabricated buildings	8%

- With the elimination of restrictive tariff barriers currently facing forestry products – such as on softwood lumber, particle board and prefabricated buildings – Canadian exporters will benefit from improved market access opportunities in a rapidly growing economy.
- An FTA with Korea would also provide an opportunity to address non-tariff measures that currently impede access to Korea’s wood products market.