



A FREE TRADE AGREEMENT WITH KOREA: TRADE IN SERVICES OPPORTUNITIES

The services sector is crucial to Canada's economy, accounting for 68% of GDP. This sector is responsible for three in four jobs and is helping Canada's transformation towards a more knowledge-based economy with high-quality, high-paying jobs. It includes areas such as financial services, information technology and communications services, environmental services and professional services. In 2005, Canada's bilateral trade in services accounted for 13% of total exports and 17% of imports.

Canadian service providers need to rely on a rules-based, transparent, secure and predictable environment for exporting to foreign markets and equitable treatment once there.

Korea is an important market for Canada

- Canada's services exports to Korea have doubled from \$351 million in 1994 to \$706 million in 2004 (latest date for which data is available). In 2004, Canada imported \$350 million of services from Korea, as compared to \$334 million in 1994.

Potential for increased trade in the future

- A free trade agreement (FTA) with Korea will provide Canadian service exporters with greater access and treatment than they currently enjoy under existing international trade agreements, such as the WTO. Traditionally, bilateral FTAs allow for greater innovation and liberalization than regional or multilateral agreements with regard to both the development of rules and the level of market access accorded to signatory countries.
- The services and services-related provisions of the agreement could yield benefits for Canadian exporters, particularly small and medium-sized enterprises, in sectors and areas of export interest in which Korea has not undertaken commitments under international trade agreements. These include high-growth, knowledge-intensive and export-oriented Canadian services sectors such as financial services, information technology and communication services, environmental services and professional services.



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- Canadian exporters would also benefit from improvements in rules designed to increase transparency of regulations, broader access through temporary entry for a range of service providers and investors, as well as frameworks for the negotiation of mutual recognition agreements and provisions respecting professional licensing and qualification requirements and procedures.