

REPUBLIC OF KOREA

Korea is a high-growth and dynamic market as well as a gateway to Northeast Asia, a region of strategic importance for Canada's commercial interests. Korea is the world's 10th largest economy, with total merchandise trade with the world reaching \$660 billion in 2005. That same year, Korea was Canada's seventh largest merchandise trading partner, with bilateral trade totalling \$8.2 billion. In 2003, bilateral trade in services totalled \$889 million and, in 2004, two-way direct investment topped \$1 billion. Korea is Canada's third largest trading partner in the Asia-Pacific region (after Japan and China).

In July 2005, Canada and Korea launched negotiations toward a bilateral free trade agreement that could deliver significant commercial benefits across many sectors of the Canadian economy—from agriculture to high-tech services. An FTA would better enable Canadian companies to tap into the value chains of globally competitive production and supply from Korean corporations; increase sales of raw materials and key technologies, products and services in that market; and use Korea as a strategic base for building an increased export and manufacturing presence in Northeast Asia, including in China and Japan.

Effective January 1, 2006, tariffs were significantly reduced for canola oil and feed peas, and Korean authorities recognized the industry-issued heat treatment certificate for Canadian softwood lumber. Separate negotiations continue on resuming trade in beef, Canada's most significant trade concern with Korea.

CHINESE TAIPEI (TAIWAN)

In 2005, Chinese Taipei ranked sixth among Canada's export markets in the Asia-Pacific region, accounting for nearly 5% of our exports to the region. Canadian goods exports to Chinese Taipei in 2005 totalled \$1.3 billion, while goods imports from Chinese Taipei amounted to \$3.9 billion.

Chinese Taipei's economy remains highly dependent on trade. It is a major exporter to the Asia-Pacific region, particularly to China and Southeast Asia, as well as a major source of investment. It is also growing

in importance as a regional importer. These factors have provided a strong impetus for trade and market liberalization, though there continues to be domestic pressure toward protectionism and non-transparent decision making, particularly with respect to certain agricultural and agri-food products.

Chinese Taipei joined the WTO on January 1, 2002. As Chinese Taipei is a prominent export market for Canadian suppliers, its formal membership in the international rules-based trading system was an important development. Chinese Taipei has undertaken significant reforms and liberalization in order to bring its economic and trade regime into line with the WTO framework. A key outcome has been the disappearance of the preferential market access previously accorded to U.S. suppliers in a number of product areas, consistent with Chinese Taipei's obligations under the WTO principle of non-discrimination.

INDIA

India is rapidly transforming from a developing country into a world economic power, increasingly drawing on foreign technology and investment. With a vibrant private sector, India continues to expand its investment abroad, particularly in high technology, power and commodities. The business services sector also plays an important role in making India a global player.

The cumulative reforms since 1991 have played a key role in transforming the Indian economy. More recently, the insurance sector has been opened to foreign companies and investment rules have been further liberalized. Legislation to reform, inter alia, the bankruptcy, competition, pension and labour regimes is also being contemplated.

Total Canada-India merchandise trade for 2005 was \$2.9 billion, with a balance of \$711 million in India's favour. That year, Canada's exports to India surged 25% over 2004. Such high export growth is expected to persist, and significant opportunities for Canadian manufacturers and producers will continue to emerge thanks to rising consumerism and infrastructure-building opportunities in India.