

## Chapter 4

# Regional and Bilateral Free Trade Agreements and Other Initiatives

Canada remains committed to concluding a comprehensive and balanced FTA with the CA4 countries that yields benefits to all parties. Canada is seeking an FTA that will allow Canadian exporters to compete on a level playing field with competitors in the region, in particular the United States, which has an FTA with these countries.

Canada is seeking to reduce or eliminate CA4 tariffs on exports of key Canadian interest, including petroleum products, wood and paper products, industrial and electrical machinery, beef, pork, pulses and frozen potatoes, and to create a more stable and predictable business environment for Canadian investors.

### South Korea

In July 2005, Canada and South Korea (Korea) launched negotiations toward a comprehensive FTA. Thirteen full rounds of negotiations have been conducted, the latest in March 2008 in Ottawa.

A conclusion to the negotiations is within reach, but the remaining issues will be difficult to resolve. The government will continue to consult with Canadian stakeholders and will not conclude negotiations until it has an agreement that meets the needs of Canadians. Canada is seeking an ambitious and high-quality FTA with Korea that provides real market access opportunities for Canadian exporters, including Canadian automotive manufacturers. The majority of responses to Canada's domestic consultations have been positive.

An FTA with Korea would deliver significant commercial benefits to Canada. Results from macroeconomic modelling suggest that if the FTA had been fully in place in 2005, Canadian goods exports to Korea might have been 56% higher and Canadian GDP \$1.6 billion greater. Sectors that could benefit from an FTA include agriculture and agri-food, fisheries, forestry and other natural resources, machinery and equipment, and financial and professional services.

The signing of the Korea-U.S. FTA (KORUS) last June, coupled with Korea's ongoing negotiations with the European Union, underlines the importance of maintaining Canada's competitiveness in this strategic Asian market, as well as the significance of Korea as a strategic trading partner in Northeast Asia.

### Singapore

The Canada-Singapore FTA negotiations were launched in 2001. Canada and Singapore completed the eighth round of negotiations in August 2007 in Ottawa. Negotiations are at an advanced stage, with many elements already finalized. Despite progress, more work remains to be done on issues such as market access for services and investment in order to secure a satisfactory outcome for Canadians.

An FTA would raise Canada's profile in Singapore, facilitate goods and services trade, and improve Canada's ability to participate in global value chains. High-growth, export-oriented services sectors such as financial and professional services stand to benefit the most through improved access to opportunities in Singapore, a pre-eminent hub in the region.