

III. OPTIONS FOR STRENGTHENING TRADE AND INVESTMENT RELATIONS

Overview

The Canadian side expressed its interest in the opinion of the Korean side on the possibility of Korea's accession to NAFTA. The Korean side indicated that its government is not in a position to seek membership at the moment. However, the Korean side indicated that in the longer run, its government will explore various options to enhance Korea's participation or involvement in NAFTA - gradually developing some form of linkage with NAFTA. The Korean side particularly noted domestic sensitivity associated with this issue, pending ratification of the WTO agreements by its National Assembly.

On the issue of possible linkage with NAFTA and at the suggestion of the Canadian side, the Korean side has undertaken to carry out analysis to identify those NAFTA obligations that would be difficult for Korea to accommodate at this stage. A preliminary report was submitted to the Working Group at its second meeting. A more in-depth analysis will be completed by the end of 1994. This analysis will be used as a reference material for further discussion between the two governments on this issue.

The Korean side also expressed its concern that NAFTA may be implemented in such a manner as to create trade barriers toward non-member countries or to reinforce exclusive regionalism. The Korean side reiterated that NAFTA should remain vigilant against exclusivity toward non-member countries and that NAFTA must be operated in a GATT-consistent and non-exclusive manner. The Canadian government stated that NAFTA is fully consistent with the GATT requirements as set out in Article XXIV. NAFTA is based on the concept of open regionalism, and as such, is open to accession by any country prepared to meet its objectives.