



Asia Mission – November, 2014

Background Note

CLIFF: 13672

TITLE: The Canada-Korea Free Trade Agreement (CKFTA)

ISSUE: Update on the Canada-Korea Free Trade Agreement

BACKGROUND:

- On March 11, 2014, a free trade agreement was concluded between Canada and South Korea. It was Canada's first concluded agreement with an Asian trading partner.
- A signing event was held September 22, 2014 between Prime Minister Harper and Korean President Park Geun-Hye to mark this historic moment.
- The agreement is expected to come into effect in early 2015 after translation and ratification by Canada and South Korea.
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DISCUSSION:

- As a result of the CKFTA, South Korea will remove duties on 81.9 percent of tariff lines immediately (98.2 percent when fully implemented). Note: On some tariff lines, full implementation can be up to 15 years.
- A number of key sectors in B.C. will benefit from tariff elimination, especially in the seafood, agri-foods, forestry, energy and metals/minerals sectors.
- The services sector (engineering, architecture, technologists and technicians) will benefit from removing rules that would require B.C. companies to have a presence in Korea. The sector will also benefit from improved temporary entry provisions that provide easier access for business persons and intra company transferees.
- The Agreement also establishes working groups to address non-tariff barriers such as certification and marking requirements.
- The CKFTA will provide improved access for professional services and improved access to South Korea's government procurement market.



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- The Agreement also provides a gateway for Canadian companies to become more competitive in the Asia Pacific region, as South Korea offers strategic access to the rest of the region.
- Most importantly, the CKFTA puts Canadians on an equal footing with direct competitors such as Australia, the EU, and the United States who already have preferential access to South Korea through bilateral trade agreements.
- The Government of Canada has estimated that a CKFTA, once implemented, could increase exports of goods to South Korea by 32 per cent. Based on B.C.'s 2013 goods export totals to South Korea of \$1.8 billion, this could mean an increase in annual exports by over \$500 million.

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ATTACHMENTS: N/A

Contact: Joshua A. Smith, Manager, International Trade, 250-952-0790

Speaking Notes
for the
Hon. Teresa Wat
Minister of International Trade
**BC Business Networking Reception with
Korean-BC Stakeholders**

6:30-7:30 pm
Nov. 10, 2014

Hotel Lotte
Seoul, South Korea

Prepared by GCPE

Check against delivery

Event Information / Speaking Notes

Event: BC Business Networking Reception with Korean-BC Stakeholders

When: 6:30-7:30 pm Nov. 10, 2014

Where: Hotel Lotte, Seoul, S. Korea

Speaking backdrop: TBC

Parking: N/A

Style of dress: business

Logistics:

Contact: KS Park Managing Director, BCTIR Korea,

Tel: s17 kspark@britishcolumbia.ca

Speech Length: 5 minutes

Audience Description: TBC

Agenda:

- 18:00: Registration Desk Opens
- 18:30: Guests Arrive
- 18:40: Minister Wat Arrives (greet dignitaries)
- 18:50: MC (TBC) welcomes guests and introduced Minister
- 18:55: Keynote address by Minister Wat
- 19:10: MC thanks Minister
- 19:15: BCSRA Ben Stewart to give a toast.
- 19:20: Networking
- 20:00: Minister Departs

PEOPLE TO RECOGNIZE:

Sponsors: KPMG, Woodfibre LNG

KEY MESSAGES:

- We are confident that B.C. will be a highly competitive, attractive jurisdiction for new investment in LNG.
- Promoting B.C. seafood is also a key focus of this trade mission, with a delegation participating in business-to-business deals today.
- The Canada-Korea Free Trade Agreement is a significant achievement.
- It is Canada's first free trade agreement with an Asian trading partner, and one that British Columbia has been pushing for, because we depend on trade and investment for economic growth and job creation.

Introduction:

- Good evening everyone.
- Thank you for joining us tonight.
- It's a pleasure to be here in Seoul as part of my trade mission to Korea, Japan and China.
- I have been enjoying my time here in Korea...
- ...and appreciate everyone's welcoming nature in all the places I have been.

[PAUSE]

CKFTA

- As BC Minister of International Trade, this is truly an exciting time to be in South Korea.
- The Canada-Korea Free Trade Agreement is a significant achievement.
- It is Canada's first free trade agreement with an Asian trading partner...

- ...and it is one that British Columbia had been pushing for ...
- ... because we depend on trade and investment for economic growth and job creation.
- South Korea is very important market for us.
- It is one of four countries we identified as priorities in the BC Jobs Plan...
- And right now, over half of Canada's exports to South Korea are from British Columbia.
- Preferential access to this market will benefit our province ...
- ... including priority sectors such as liquefied natural gas ...
- ... agrifoods such as ice wine, fish and seafood ...
- ... and forestry products.
- With this new agreement, tariffs will be eliminated ...
- ... and companies can better compete for market share in South Korea.

- Thanks to this agreement, B.C. companies will be on equal footing with their competitors in the United States, Europe and Australia ...
- And we know that with our competitive advantages, B.C. can compete and win on the international stage.

LNG / Mining

- As part of my itinerary in Korea, I had the pleasure of meeting with many of Korea's leading companies.
- This included meeting with executives at the Daewoo Shipyard.

<<Minister, you may want to insert a personal comment about your tour here>>

- I also had very productive meetings and calls today with KOGAS, POSCO and Korea's Ministry of Trade, Industry and Energy.
- Korea's leading companies have significant business interests in B.C.

- My message to them is that B.C. will continue to remain a highly competitive, attractive jurisdiction for new Korean investment - including in our LNG sector.
- This is demonstrated by our newly introduced BC LNG Income Tax.
- As we look to grow the LNG sector, it was critical to find the right balance between attracting investment for the province...
- ...and ensuring that British Columbians receive a fair share of revenue from LNG opportunities.
- We have done that with a competitive tax rate of 3.5 per cent.
- When combined with our large natural gas reserves, skilled workforce and short transport times to the Korean and other Asian markets...
- ... I am confident that global LNG companies, including those from Korea, will find to be a B.C. a highly desirable investment location.

- BC is in a position to contribute a significant amount of natural gas to Korea as it looks for a long-term clean energy solution.

B.C. Seafood

- Not only does B.C. have a rich supply of natural gas...
- ...but we also have some of the best seafood in the world.
- And promoting this sector is a key focus of my trade mission.
- Just this afternoon, a number of Korean distributors, retailers, hotels and restaurants met with B.C. seafood companies at business-to-business meetings.
- This was B.C.'s first seafood trade promotion event in the Korean market.
- The B.C. seafood delegation used this opportunity to promote B.C.'s high-quality seafood products...

- ...and to highlight the benefits of the Canada – Korea Free Trade Agreement for the seafood sector.

International Education

- There is also growing excitement about the benefits of the Canada-Korea Free Trade agreement for international education.
- The trade agreement will help facilitate the flow of people to and from B.C. and Korea.
- Korea is a key partner under B.C.'s International Education Strategy and we welcome the chance to build relationships and explore opportunities of mutual interest in education.
- Just a few days ago, an agreement was signed between a Korean university and a B.C. university to work together in a number of areas.
- The MOU between Hongik University and the Emily Carr University of Art and Design commits both institutions to cooperate on:

- Opportunities for student exchange
- Coordinated research and curriculum development
- Academic and professional development activities
- Coordinated cultural activities and specialized learning
- This is a significant agreement for Emily Carr University...
- ...as this is its first agreement with a Korean institution.
- This agreement supports B.C.'s promotion of the two-way global flow of students, faculty, staff and ideas.
- It also supports Emily Carr University's objective to provide its students with a global perspective on art, design and media.
- I understand that Professor Seungin Kim from Hongik University and Professor Bek Choi are here tonight.

- Congratulations on this achievement and best wishes as you move forward in partnership with Emily Carr University.

B.C. advantages

- As Minister of International Trade, I am working to market B.C.'s advantages to the world...
- ...to increase the flow of trade between B.C. and countries like Korea...
- ...and to see even more partnerships like the one I just spoke about.
- As we work to diversify British Columbia's trading partners, we are getting everyone in the same room ...
- So we can work together, increase our trade and exports...
- And secure the investment and the partnerships that will help British Columbia and China develop their full potential.

[PAUSE]

Conclusion

- I want to thank and recognize the people in this room for helping us build those connections.
- I look forward to working with all of you as we continue to bring the world to British Columbia
- ... And British Columbia to the world.
- Thank you.



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Background Note

CLIFF: 13758

TITLE: British Columbia's Mining Sector

ISSUE: Export Development: Opportunities and Government Programs

BACKGROUND:

- B.C.'s Mineral Exploration and Mining Strategy and B.C. Jobs Plan committed to the eight new mines and nine expansions by 2015. Exploration spending in B.C. reached \$476 million in 2013, down from the record-setting \$680 million in 2012, but the second highest on record.
- B.C. is Canada's largest exporter of coal, largest producer of copper and only producer of molybdenum. The Province's rich geology, abundant, low-cost power, world-class infrastructure, stable political climate and competitive taxation help make it attractive to investors. Vancouver is a world center of mining expertise, with more than 850 exploration and mine development companies headquartered in Vancouver. Every January, the city welcomes thousands of people who come from countries around the globe to attend Mineral Exploration Roundup, the world's largest technical conference on mineral exploration.
- B.C. is committed to sharing incremental mineral tax revenue generated by new mines and mine expansions with First Nations. These agreements provide First Nations with direct benefits from mine development in their traditional territories and provide financial capacity to help them meet the social and economic goals of their communities.
- B.C.'s natural resource sectors are key job creators and play a pivotal role in the successful implementation of the B.C. Jobs Plan, growing our economy and ensuring First Nation and non-First Nation communities alike can benefit from environmentally responsible management of land use opportunities and remain resilient through changing economic conditions.
- B.C. has 23 major mines, over 30 industrial mineral producers and two smelters. In 2011, more than 30,000 people were employed in the mining sector. Of these, more than 12,500 were directly employed by mining operations in 2012. In 2013/14, \$2.5 billion was invested in mineral exploration and mining.
- While the Ministry of International Trade (MIT) does not directly support bulk export, it does provide significant assistance to B.C. service and supply companies in this industry,



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including technologies and expertise in environmental stewardship. In Vancouver alone there are more than 400 service suppliers to exploration, development, and production companies worldwide. Good opportunities exist in markets with a heavy mining industry, including the U.S. and Canada, China, Mongolia, Australia and Latin America.

- MIT works to increase B.C. exports, develop international partnerships, increase awareness of B.C.'s advantages, and attract investment, offices and other businesses to B.C.
- MIT also works to support B.C. mining suppliers in international markets through its export sector managers, in-market representatives, collaboration with other Ministries (e.g. Energy and Mines, Forest, Lands and Natural Resource Operations, and Jobs, Tourism and Skills Training), and through industry associations (e.g. Mining Association of B.C., Mining Suppliers Association of B.C., and the Association for Mineral Exploration of B.C.). Domestically, MIT helps facilitate business to business meetings for businesses and potential buyers/investors from international markets including China, Korea, and Japan. Coal production is a mainstay of the province's economy, generating billions of dollars in annual revenue and supporting thousands of well-paid jobs in the province. Coal production currently represents over half of the total mineral production revenues in the province. Coal is B.C.'s largest single export commodity. Between 70 to 90 percent of coal produced in is metallurgical coal, which is used to make steel. The province also produces thermal coal, which is burned for heat to generate electricity and for other industrial uses.
- The Canada-China Foreign Investment Promotion and Protection Agreement (FIPA) was signed in September 2012. On September 12, 2014, Canada announced ratification of the FIPA and notified China on September 15, 2014. The FIPA entered into force on October 1, 2014.

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- By providing a more stable/predictable investment environment, this agreement encourages increased investment flows and provides an enhanced opportunity for B.C.-based companies to expand operations in China. This will in turn lead to expansion and growth of B.C. businesses, and direct and indirect job creation.
- On March 11, 2014, a free trade agreement was concluded between Canada and South Korea. The agreement is expected to come into force in early 2015 after translation and ratification by Canada and South Korea. The Canada-Korea free trade agreement will likely result in an increase in the level of B.C.'s goods and services exports to South Korea, generating a positive effect on B.C.'s GDP, job creation, and government revenue.



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- For B.C. exporters of goods, tariff elimination will provide a competitive advantage in the Korean market and put them back on an equal footing with competitors that already have preferential market access through bilateral trade agreements with South Korea: the United States, European Union, and Australia.
- Upon the Agreement's entry into force, 98.7 percent of tariff lines on metals and minerals will be duty free. Coal is already duty free and most other mineral exports will be duty free upon commencement of the Agreement, from current tariff rates of up to eight percent.

DISCUSSION:

- British Columbia's mineral exploration and mining industry is a growing and integral part of the provincial economy. Competitive taxes, an ample supply of low-cost power and government's commitment to the industry make this province an ideal place to invest.
- Since 2011, three new major mines have opened: Copper Mountain, near Princeton; New Afton, near Kamloops; and Mount Milligan, northwest of Prince George. Four additional mines are under construction and may be in operation in 2014 or early 2015. Two of these are large-scale mines (Red Chris and Roman) and two are smaller mines (Yellow Giant and Bonanza Ledge). The Province has also approved seven expansions of existing major mines: Elkview coal mine, near Sparwood; Endako molybdenum mine, near Fraser Lake; Gibraltar copper-molybdenum mine, near Williams Lake; Highland Valley Copper mine, near Ashcroft; Huckleberry copper-molybdenum mine, near Houston; Quinsam coal mine, near Campbell River; and Line Creek Operations, near Sparwood.
- B.C. is the first province in Canada to share mineral tax revenues from new or expanded mines with First Nations. Discussion of revenue sharing commences early in the development of new mines and major expansions. The provincial government works with the Aboriginal Business and Investment Council to facilitate partnerships between the Province, First Nations and the energy and mining industry.

ATTACHMENTS:

- Opportunities to Explore: B.C. Minerals and Coal Industry
<http://www.empr.gov.B.C.ca/Mining/Geoscience/PublicationsCatalogue/InformationCirculars/Documents/IC2014-8.pdf>

CONTACT: Tuan Bui, Senior Export Development Manager, (250) 356-5589

FINAL

The Canada-Korea Free Trade Agreement (CKFTA) was signed on Sept. 22, 2014, after being concluded in March 2014. This is Canada's first concluded trade agreement with an Asian trading partner. This agreement removes duties on 98 per cent tariff lines and is expected to boost Canadian exports to South Korea by 32 per cent.

This agreement will go into effect once legislation has been introduced and passed in both countries. It is expected to be ratified in early 2015.

Questions and Answers

Korea Times – Canada-Korea Free Trade Agreement

Nov 3, 2014

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Pages 19 through 23 redacted for the following reasons:

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