

# Update on Canada-Korea Trade Negotiations

*Presentation to CAPC Meeting*

*Ottawa*

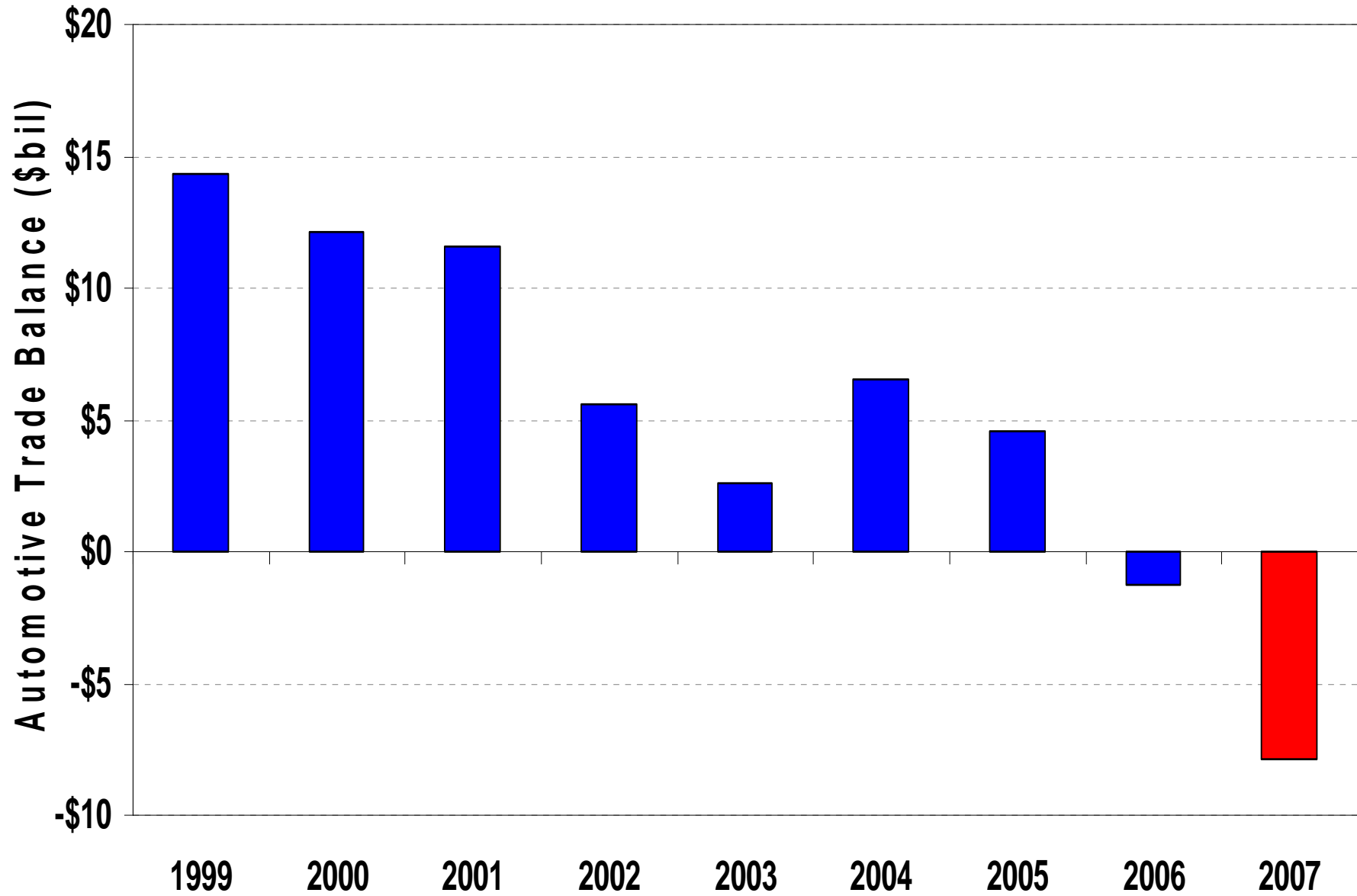
*February 5, 2008*

*From: CAPC International Trade Working Group*

# Recent Developments, CAPC International Trade Working Group

- Michael Robinet (CSM Worldwide) appointed industry-side co-chair
- Concern over \$Cdn
  - Reached parity and above
  - Concern over “comfort level” in Ottawa
  - Both Bank and Finance seem to accept high 90s
  - CAPC Trade mission to Ottawa in December
- Discussion of offshore export opportunities
- Continuing unanimous concern within CAPC over Canada-Korea FTA

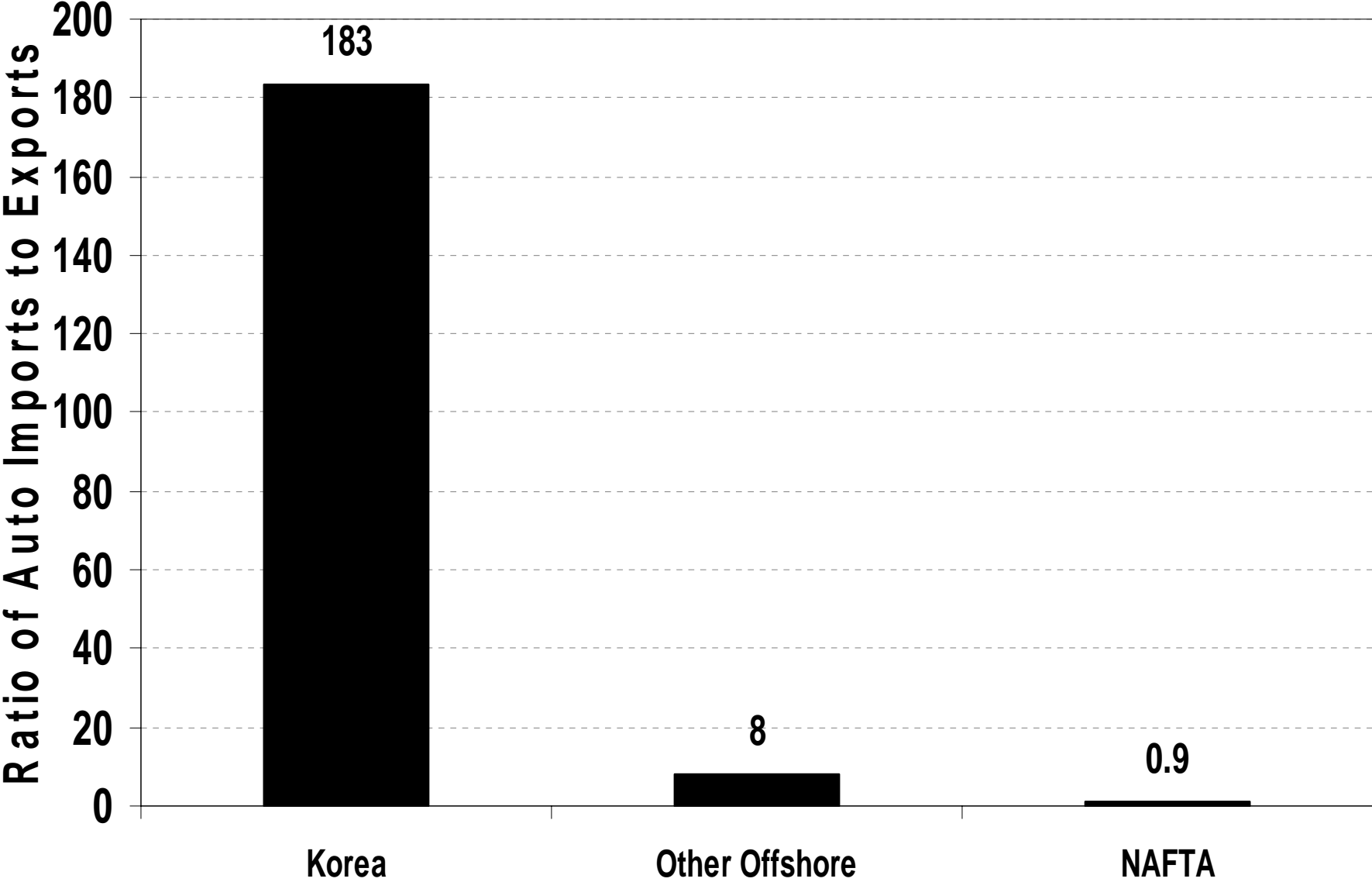
# Canada's Auto Trade Balance



Source: CAW Research from Industry Canada Strategis.

fcst

# Largest Auto Trade Imbalances



Source: CAW Research from Industry Canada Strategis, 1st 9 mos 2007.

# Korea Trade Developments

- Progress of negotiations
  - 12<sup>th</sup> round November 2007; big issues outstanding
  - Announced deals (Peru, EFTA) may reduce the “rush”
  - Politically on back burner, but government still pushing
- Release of first formal economic analysis
  - Assumption: Korean migration to U.S.
  - Flawed modeling methodology (no exchange rate, unskilled labour, assumed loyalty to Canadian models, no scale economies, etc.)
  - Environmental implications (incl. used cars)
- Other industry associations speaking out
  - High-tech, pharma, agriculture, shipbuilding
  - CAW: statements from 400 businesses
- Ontario government statement
  - Note: Korea-style NTBs fall within *provincial* jurisdiction
- CAPC stakeholders express strong unanimous concern