

Previous Thoughts on Australia-Korea FTA by Korean Government (Reactive)

- Sensitivity with Korean farming Industry, especially dairy and beef industry
- Unlike Canada, Australia has isolated location and small population will limit market opportunities for Korean exporters.
- Major imports from Australia are natural resources and energy sectors, which may not directly benefit consumers. And these already have minimum import tariff, if not none.
- No aggressive requests have been made from Korean companies and associations for the need of FTA with Australia, unlike US FTA.

Current Thoughts on Australia-Korea FTA by Korean Government (Proactive)

- Sensitivity for imported farming and agricultural products has been reduced as the outcome of FTA with US and Chile. It is their opinion that the Australian beef would be competing within the imported beef sector, especially from the US and NZ than the local beef. Although there are still negative image and campaign remained with the US beef, but general consumers are accepting imported beef as an alternative source of the local beef, which is more expensive.
- Consumer benefit from having more competition among foreign imported agricultural and dairy products.
- Australia engaging FTA activities with the US, China and ASEAN nations.
- Korean products, especially cars and auto parts, are having less competitiveness ever since Australia engaged FTA with Thailand.
- Ensure of stable supply of energy and minerals.
- Enhancing middle power collaborations in foreign policies.
- Quicker resolution required before Korea-US FTA takes effect. By having earlier start than the US would have an advantage of having import tax rate reduction earlier for Australian beef than the US.

Korea's likely strategies

- Likely focus on Motor vehicle and parts, travel, studying and tourism.
- Seek for better terms than the countries already engaged or completed FTA with Australia.
- Likely to focus on better investment terms or favour for Korean companies investing in Australia, especially in mining and energy sectors.
- Korea will be putting more focus on agricultural (except beef) discussions with NZ than Australia. The Korean government believes NZ has more competitiveness on agricultural products (except beef)

than Australia. And they will likely use NZ as our competitor and use NZ examples to negotiate for better term.

- Strengthening diplomatic relationship, but I am not so sure if this is a part of FTA agenda.

Strategy Recommendations

- Identify and focus on core products/services/industries Korean government wants negotiate. Their full list may include many miscellaneous items as their negotiation tool. My view is that their major interests are with energy and mining, education, beef and agricultural products.
- Use and separate New Zealand's industries, concerns, examples and deals wisely for our advantage.
- Obtain experiences and advices from foreign trade missionaries who previously engaged FTA with Korean government. Amcham (American Chamber of Commerce in Korea) is happy to share their experience of US-Korea FTA negotiation.