

IMPROVING ACCESS FOR TRADE IN GOODS

Bovine Spongiform Encephalopathy

Following Canada's May 20, 2003, announcement of a BSE case, Korea issued a ban on the import of Canadian ruminant animals, meat and meat products, including semen, embryos, ova, tallow, gelatine and collagen. While access for some products has been obtained, Korea still bans the import of meat and live animals. Canada has kept all its trading partners, including Korea, fully informed of the results of its investigation and regulatory response, and it is requesting a resumption of trade on scientific grounds. (For further information, see the BSE overview in Chapter 2.)

Avian Influenza

On February 20, 2004, Korea suspended imports of poultry and poultry derived products from Canada. The Canadian Food Inspection Agency will be asking Korean authorities to lift the suspension. (For further information, see the avian influenza overview in Chapter 2.)

Canola Oil

Canada continues to seek tariff parity between canola oil and other competing products such as soybean oil, as well as the elimination of tariff escalation (i.e. low tariffs on raw materials and higher tariffs on processed goods). Korea applies a tariff of 10% on crude canola oil and 30% on refined. Canola oil is the only imported edible oil that is subject to this treatment. In comparison, Korea applies a 5.75% tariff on crude and refined soybean oil.

Tariffs on Feed Peas

In 2004, Korea provided differential tariff treatment for dried peas for human consumption and feed peas through the creation of a tariff rate quota on feed peas. The quantity and rate for the TRQ is announced annually. In 2004, the applied rate for feed peas was 2% for an amended volume of 450,000 tonnes. Imports above this volume face a 27% tariff (the same as the tariff on dried peas for human consumption). The tariffs for most of the

competing feed products are as follows: barley, 20% or 30%; wheat (for milling and feed), 1.8%; and lupin seed, 0%. The TRQ allows the import of feed peas, up to the quota level, at a reduced rate, which is an improvement over previous years, but which does not provide complete parity with other feed ingredients. Ultimately, parity will be sought as an outcome of the WTO agriculture negotiations. Maintaining a TRQ is a temporary solution in the absence of permanent tariff parity, as the TRQ is renewed on a yearly basis and can be cancelled or reduced unilaterally by Korea.

Protocol for Fumigation of Feed Peas

Korea has phytosanitary concerns about Hessian flies and, because straw can be a host for Hessian flies, has rigorous requirements that there be no straw in shipments of agricultural products such as feed peas. To address Korea's concerns, Canada has proposed to Korean authorities a fumigation process for feed pea shipments that would kill any Hessian flies that may be in the straw. Discussions with Korean technical officials to resolve this issue continue.

Soybean Tendering

The tendering system administered by Korea's Agricultural Fishery Marketing Corporation prevents Korean importers from accessing the high-quality, premium-priced food-grade soybeans that Canada produces. Korea has a tariff rate quota for food-grade soybeans, which is administered through international open tender, mainly on the basis of price. This is an inflexible system that has no provision for price premiums for quality, tendering on small lots or long-term contracting. Korea produces less than 40% of its soybean requirements and cannot currently fully supply its soy-processing sector with the required high-quality product.

Chronic Wasting Disease: Elk and Deer Products

On December 28, 2000, Korea suspended the import of live cervids and their products (elk and deer products including antler velvet) from Canada and the United States, because of concerns relating to chronic wasting disease. In 2004, Canada made