

The major stumbling block to liberalizing access for rapeseed is Korean reluctance to expose a small number of high cost domestic producers of rapeseed to international competition. In addition, Korea's large soybean crushers, who have access to relatively inexpensive imported soybeans, are reluctant to allow potential rapeseed crushing competitors to gain similar access to inexpensive imported rapeseed.

Although the Korean government agreed to a quota of 12,000 tonnes of canola seed from Canada in 1986 and has increased the quota to 15,000 tonnes in 1987, the 4.7 per cent VAT exemption privilege on imported soybeans still represents a discrimination against Canada. Therefore, the post will continue to press the government to ease discriminatory taxes against Canada and to liberalize entirely the importation of Canadian canola seed and canola oil.

7.5 Oilseed Meal Market

The government has estimated that meal production from the crushing operations amounts to approximately 595,000 tonnes of soybean meal and 4,000 tonnes of rapeseed meal. The South Korean government has clearly signalled a willingness to increase red meat (beef) production and a corresponding willingness to liberalize and diversify feed ingredient purchases. To this end, imports of rapeseed meal were authorized effective July 1, 1985. Moreover, the tariff rate for rapeseed meal was reduced from 15 per cent to 10 per cent effective January 1, 1986.

Canola meal enjoys identical tariff and non-tariff treatment as soybean meal. Canadian canola meal sales to Korea reached Cdn \$12 million in 1984 but dropped significantly to Cdn \$3 million in 1985.