

IMPROVING ACCESS FOR TRADE IN GOODS

Agri-food and Beverage Products

Canola Seed and Canola Oil

Canadian canola product exports to Korea are negatively affected by Korean tariff practices in several ways. First, it is impossible for Canadian exporters to provide long term price certainty due to the fact that the applied tariff can not be counted on to remain in effect for more than a six month duration. For instance, although the canola oil tariff was reduced from 15 to 10 percent in January 1999, the Canadian Government will need to encourage Korea not to raise the rate again beyond June 1999. Second, Korea maintains lower tariffs for soybean products than it does for the corresponding canola products despite the fact that these products are interchangeable and compete with each other on price. Korea also favours the use of tariff escalation, i.e., low tariffs on raw materials and higher tariffs on processed goods, as a means of protecting Korean oilseed processors. It is therefore the objective of the Canadian Government to seek permanent tariff elimination for all canola products or tariff harmonization for all oilseed and oilseed products.

Tariffs on Feed Peas

Korea's tariff for feed peas is 30 percent. Tariffs for competing feed products are generally less than 5 percent (barley at 1 percent, feed wheat at 1 percent). Canada considers that the current tariff discourages the import of feed peas vis-à-vis other feed imports and is to the detriment of the Korean domestic feed industry. To allow the Korean compounding industry to have access to this alternative feed product, Canada has requested a tariff of no more than 5 percent for feed peas.

Soybean Tendering

The tendering system administered by Korea's Agricultural Fishery Marketing Corporation prevents Korean importers from accessing the high-quality, premium-priced tofu-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. Canada considers that Korea cannot currently fully supply its soy-processing sector with the required high-quality product and that it would be to the mutual advantage of both countries to provide more options in the administration of imports.

Bottled Water

Canadian bottled water exporters have experienced a number of technical barriers in Korea. Our major concern has been with Korea's ban on ozone-treated bottled water. Ozonation treatment is used to maintain bottled water quality. It is widely used by the bottled water industry in Canada, the United States, and other countries. Canada's position has been that there is no scientific basis for Korea's ban. In December 1995, Canada held formal WTO consultations with Korea. As a result, Canada and Korea reached a bilateral settlement in April 1996 whereby Korea agreed to amend the relevant laws and regulations to allow the importation of ozone-treated bottled water. Korea passed its amended legislation in July 1997. Korea then implemented amended regulations a month later. However, the amended regulations created new problems for Canadian exporters by imposing restrictive labelling requirements for ozonated bottled water. Following further Canadian representations, Korea amended the regulations in March 1998, finally resolving the ozonation issue. In 1999, Canada will continue to make representations on other technical market access problems, such as restrictive government-mandated shelf life requirements and onerous testing requirements.

Seal Meat

Korea maintains an informal import prohibition on seal products and has not yet responded to requests on its certification requirements for imports of seal meat for human consumption. Canada has made numerous representations to Korean authorities since 1995 pointing out that Canadian seals are not endangered and has asked Korea to allow imports.

Korean authorities informed Canada that the importation of seals was liberalized in Korea as