cost to soybean producers who are willing to participate in the soybean production program managed by NACF. It also pays an additional W50 (Cdn $0.08) per kg to encourage soybean sales through NACF.

(4) Rapeseed:

Until 1986, there were no direct subsidies provided to rapeseed growers by the central government except that the government guaranteed to purchase all the output for a price to be determined at the end of the growing season. In addition, 50 per cent of the seed cost is paid by the provincial government on Cheju Island and another 30 per cent is paid by NLCF. The government is currently considering whether to pay W1,920 (Cdn $3) per 60 kg as incentive money to growers who sell rapeseed through NACF. The government increased the price of rapeseed in 1986 to W456 (Cdn $0.71) per kg of No.1 grade from W430 (Cdn $0.67) and to W446 (Cdn $0.70) per kg of No.2 grade from W421 (Cdn $0.67).

7.4 The Korean Market and U.S. Competition

Canadian rapeseed has never enjoyed the same access to the Korean market as U.S. soybeans.

At the time of the Prime Minister's visit to Korea in May 1986, the Korean government agreed to reduce the tariff on Canadian canola from the existing 40 per cent to that of soybeans (10 per cent) for a quota level of 12,000 tonnes, effective 1986. The size of the quota was determined by a ratio of two to one relative to domestic production of rapeseed. In addition the Korean government agreed to rescind the re-export clause on oil produced from canola imported under the quota. However, beyond the tariff quota the following discriminatory restrictions relative to soybeans will continue to apply:

1. Unlike soybeans, canola oil produced from imported rapeseed must be re-exported. This results in Korean oil competing with Canadian-produced canola oil in world markets.

2. A 30 per cent tariff discrepancy exists between rapeseed (40 per cent tariff) and soybeans (10 per cent tariff).

3. Soybeans used for food enjoy a nine per cent rebate on processing that does not apply to rapeseed. Added to the tariff differential, this results in a 39 per cent disadvantage.

4. Imports of canola oil are prohibited despite open access for competitive oils such as palm oil and olive oil.