



REPUBLIC OF KOREA

Overview

In 1998, Canada's goods exports to the Republic of Korea totalled \$1.74 billion, and imports were \$3.31 billion. Korea is Canada's third largest market for merchandise exports in the Asia-Pacific region (after Japan and China), and the sixth largest worldwide.

The Republic of Korea's economic policies are designed to promote its domestic industry and exports while discouraging imports of some value-added goods. Generally, tariffs, import licences and import procedures all favour the importation of raw materials and industrial equipment rather than finished goods. For instance, the Korean practice of frequently revising applied tariff rates at six month intervals plays havoc with exporters trying to establish long-term business relationships with Korean importers. While there has been some liberalization of import procedures, significant obstacles and rigidities remain.

The Canada-Korea Special Partnership Working Group (SPWG), launched in April 1994, has the objective of increasing co-operation in areas such as trade, investment, industrial co-operation and technology transfer. A subcommittee of the SPWG addresses market access issues. A Committee on Industrial and Technological Co-operation has also been created to further increase co-operation between the private sectors of both countries, initially focussing on manufacturing technology, new materials, biotechnology, environment, energy and telecommunications.

Market-opening Results in 1998

- In March 1998, Korea removed restrictive labelling requirements for ozonated bottled water.
- In June 1998, Korea agreed to give Canada advance notice of changes to its tariff on alfalfa imports.
- In July 1998, Korea and Canada reached a bilateral government procurement agreement that puts Canadian suppliers of telecommunications equipment on an equal footing with their U.S. and European competitors.

- In July 1998, Korea amended its regulations restricting the use of letters of credit for goods with tariffs of over 10 percent and where the terms for repayment were greater than one year.
- In January 1999, the Korean government announced that the applied tariff on canola oil was reduced from 15 percent to 10 percent for the first six months of 1999. At the same time, the Korean government announced that the applied tariffs for barley and malting barley will be equalized for the first six months of 1999.

Canada's Market Access Priorities for 1999

- press Korea to maintain their applied tariffs on an open-ended basis and to lock-in tariff reductions;
- initiate a feed seminar which will be held in Korea to demonstrate the nutritive benefits of number of feeds, including feed peas, alfalfa and feed barley;
- attempt to engage Korea in discussions on their TRQ administration;
- continue to make representations on technical bottled water market access problems, such as restrictive government-mandated shelf life requirements and onerous testing requirements;
- continue to press Korean authorities to obtain the necessary approvals for the sale of seal meat in Korea;
- sign the Canada-Korea Telecommunications Procurement Agreement with Korea;
- on alcoholic beverages Canada will monitor Korea's tax changes needed to implement WTO rulings; and
- on investment and services, continue to press for inclusion of recent further financial-sector liberalization as part of Korea's international commitments during the new WTO services negotiations.