CANOLA

Until recently, Canada was at a serious competitive disadvantage in the Korean market for canola and canola products, mainly as a result of Korean tariffs and quantitative restrictions, which discriminated in favour of soybeans and soybean products. Korea produces both canola and soybeans, but is also a major importer of oilseeds, with the USA being the dominant supplier.

As a result of liberalization measures taken this year by the Korean government, the tariff on canola was reduced to 10% and the import quota was lifted (soybeans are subject to only 3% duty) and the tariffs applied to both canola oil and soybean oil were set at 25% and an import quota established of 10,000 tonnes each. These liberalization announcements are welcome. However, Canada would like to see the tariff on canola reduced to 3%, in line with that applied to soybeans.

WHEAT - GSM 102 PROGRAM

The Korean government's policy to permit importers to use only the USA long-term credit program (GSM 102) for the importation of agricultural products will continue to give U.S. wheat suppliers a competitive advantage. The ROK had agreed to terminate the use of this program in October 1989, but in August 1989, after consultations with the USA, decided to reinstate it. Canada has a similar financing program available through the EDC and could, if permitted, be competitive in the Korean market.

Canada has raised this issue on several occasions, most notably during the visits of Ministers Crosbie (September, 1989) and Mayer (November, 1989), but failed to obtain clear cut assurances that this program would be phased out. In July 1990, Canada delivered a formal aide-memoire requesting the Korean authorities to end this discriminatory measure.

FISH

Korea restricts most fish imports to preserve foreign exchange and protect its domestic industry. Notwithstanding recent Korean liberalization measures, import impediments remain in place. Import licences for restricted species must be obtained, and tariffs on most fish products remain in the restrictive range of 10-20 percent.

Canada has raised, in particular, the need to liberalize a species which we market as freshwater mullet (suckerfish). To date, the Koreans have not responded to this request. Additional underutilized species that would benefit from liberalization include capelin.