

6. Red tape and tight government control over foreign investment. Only projects with less than 50 per cent foreign equity and less than U.S. \$1 million can be approved "automatically". All other proposals are subject to review both by the Minister of Finance and the relevant ministry.

Conversly, Korean investment abroad is subject to foreign exchange control.

7. Offset requirements for the sale of defence products. The basic guidelines of this offset program are as follows - i) offsets apply to all purchases of more than U.S. \$1 billion; ii) 20 per cent of the basic contract value must be direct offsets; and iii) offset proposals are evaluated on a competitive basis and are considered part of the basic contract.

TABLE 2: TARIFF BARRIERS FOR SELECTED AGRICULTURAL PRODUCTS

<u>Commodity</u>	<u>Tariff</u>	<u>Remarks</u>
Beans	30 %	subject to import license issued by MOAF
Wheat	5 %	subject to import license issued by Korean Flour Mills Industrial Association
Rye	7 %	subject to import license issued by Korea Feed Association or NLCF
Malting Barley	50 %	subject to import license issued by MOAF
Barley	5 %	subject to import license issued by MOAF
Corn	7 %	subject to import license issued by KFA and NLCF
Buckwheat	20 %	subject to import license issued by MOAF
Wheat flour	20 %	free to import except from Japan
Sunflowerseed	40 %	subject to import license issued by MOAF
Rapeseed	40 %	subject to import license issued by MOAF
Sesame seed	40 %	subject to import license issued by MOAF
Linseed	15 %	free to import