

exist, the Republic of Korea's economic policies are typically designed to protect its domestic industry, encourage exports, and discourage imports of some value-added goods. Generally, tariffs, import licences, import procedures and social norms all favour the importation of raw materials and industrial equipment rather than finished goods. While there has been significant liberalization of import procedures over the past few years, significant obstacles and rigidities remain a problem in some areas.

The Canada-Korea Special Partnership Working Group (SPWG), launched in April 1994, has the objective of increasing cooperation in such areas as trade, investment, industrial cooperation and technology transfer. A sub-committee of the Canada-Korea Special Partnership Working Group addresses market access issues. A Committee on Industrial and Technological Cooperation has also been created to further increase cooperation between the private sectors of both countries, initially focusing on manufacturing technology, new materials, biotechnology, environment, energy and telecommunications. There was no meeting in 2001.

#### **Market Access Results in 2001**

- Korea has brought its restrictions on the sale of fresh, chilled and frozen beef into compliance with its WTO obligations.

#### **Canada's Market Access Priorities for 2002**

- Continue to monitor applied tariffs that are subject to possible adjustment every six months to ensure that market access for Canadian products is not reduced (many products of interest to Canada are covered by these applied tariffs including alfalfa, barley, malt and canola products.)
- Continue to press for lower tariffs on feed peas and for parity of treatment between canola and canola products compared to soy and soy products.
- Continue to press for changes to soybean tendering procedures.
- Continue to make representations on technical market access problems regarding bottled water, 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 for human consumption in Korea.

## **IMPROVING ACCESS FOR TRADE IN GOODS**

### **Canola Seed and Canola Oil**

Canadian exports of canola products to Korea are negatively affected by Korean tariff practices in several ways. In January 2000, Korea differentiated between crude and refined canola oil and applied a significantly higher tariff on refined oil. Canola oil is the only imported edible oil that is subject to this treatment. 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. Parity of treatment between canola and soy is a high priority for Canada, and we will continue to pursue this with Korea, including in the WTO agriculture negotiations.

### **Tariffs on Feed Peas**

Korea's applied tariff for feed peas is 30%. The tariffs for most of the competing feed products, such as barley, wheat and lupins, range from zero to 5%. The current tariff prevents the importation of feed peas compared to other feed imports, which is also detrimental to the Korean domestic feed industry. Pulse Canada, in cooperation with a Korean feed miller, has completed feeding trials in Korea that have produced positive results. However, Korea is still refusing to lower the tariff on feed peas. To allow the Korean compounding industry to have access to this alternative feed product, Canada has requested a tariff of no more than 5% 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 food-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. Korea produces less than 40% of its