

The Canada-Korea Special Partnership Working Group (SPWG), launched in April 1994, has the objective of increasing cooperation in areas such as trade, investment, industrial cooperation and technology transfer. A subcommittee of the SPWG 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 focussing on manufacturing technology, new materials, biotechnology, environment, energy and telecommunications. The last meeting of the SPWG took place in Ottawa on June 1, 1999.

Market Access Results in 1999

- In July 1999, Korea and Canada signed the Canada-Korea Telecommunications Equipment Agreement that puts Canadian suppliers of telecommunications equipment on an equal footing with their U.S. and European competitors.

Canada's Market Access Priorities for 2000

- press Korea to maintain its applied tariffs on an open-ended basis and to lock-in tariff reductions;
- 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;
- 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; and
- continue to support as a third party U.S. and Australian challenges of the Korean beef quota.

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. First, it is impossible for Canadian exporters to provide long-term price certainty due to the fact that the applied tariff cannot be counted on

to remain in effect for more than six months. For instance, although the canola oil tariff was reduced from 15 percent to 10 percent in January 1999, the Canadian government will need to encourage Korea not to raise the rate again. In December 1999, Korea decided to raise the applied tariff rate on canola meal from 3 percent to 5 percent. 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. It is therefore the objective of the Canadian government to seek permanent tariff elimination for all canola products or tariff harmonization for all oilseed and oilseed products.

Tariffs on Feed Peas

Korea's tariff for feed peas is 30 percent. Tariffs for competing feed products are generally less than 5 percent (barley at 1 percent, feed wheat at 1 percent). Canada considers that the current tariff discourages the import of feed peas vis-à-vis other feed imports and is to the detriment of the Korean domestic feed industry. To allow the Korean compounding industry to have access to this alternative feed product, Canada has requested a tariff of no more than 5 percent 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, tofu-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. Canada considers that Korea cannot currently fully supply its soy-processing sector with the required high-quality product and that it would be to the mutual advantage of both countries to provide more options in the administration of imports.