

While considerable liberalization occurred after Korea's 1997 financial crisis, 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 import 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, aims to increase cooperation in such areas as trade, investment, industrial cooperation and technology transfer. One subcommittee of the SPWG specifically addresses market access issues, while a second was created to further cooperation between the private sectors of both countries, initially focusing on manufacturing technology, new materials, biotechnology, environment, energy and telecommunications.

In 2002, Canada initiated a comprehensive strategy aimed at resolving outstanding sanitary and phytosanitary issues through discussions among technical officials.

### **Market Access Results in 2002**

- In July 2002, Korea permitted establishments registered with the Korean Ministry of Agriculture and Forestry to freeze chilled imported beef and pork under certain conditions.
- In November 2002, Korean authorities approved a Canadian certificate for dry and canned pet food.

### **Canada's Market Access Priorities for 2003**

- Continue annual monitoring of applied tariffs that are subject to possible adjustment to ensure that market access for Canadian products is not reduced.
- Continue to press for tariff parity between competing products such as canola oil and soybean oil and feed peas and other feed ingredients.
- Press for changes to soybean tendering procedures.
- Press for agreement on a health certificate for poultry.
- Press for agreement on phytosanitary protocols for softwood lumber, tomatoes and seed potatoes.

- Press for the necessary approvals for the sale of seal meat for human consumption in Korea.

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

### **Canola Oil**

Canada continues to seek tariff parity between canola oil and other competing products such as soybean oil, as well as the elimination of tariff escalation (i.e. low tariffs on raw materials and higher tariffs on processed goods). Korea applies a tariff of 10% on crude canola oil and 30% on refined. Canola oil is the only imported edible oil that is subject to this treatment. In comparison, Korea applies a 6% tariff on crude and refined soybean oil.

### **Tariffs on Feed Peas**

Korea does not differentiate between dried peas for human consumption and feed peas. Korea's applied tariff for dried peas is 28%. The tariffs for most of the competing feed products such as barley, wheat and lupins is 5%. The tariff prevents the import of feed peas, which is detrimental to Canadian exporters and 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 a level equivalent to that for other competing feeds.

### **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 soybean requirements and cannot currently fully supply its soy-processing sector with the required high-quality product.