



October 21, 2005

Mr. Marvin D. Hildebrand, Director  
Tariffs and Market Access Division  
International Trade Canada  
125 Sussex Drive  
Ottawa, Ontario K1A 0G2

Dear Mr. Hildebrand,

Thank you for your invitation to provide comment on Canada's free trade negotiations with South Korea.

The Western Canadian Wheat Growers fully supports Canada's efforts to conclude a free trade agreement with South Korea. South Korea is one of world's fastest growing economies and represents an important growth market opportunity for Canadian agriculture, especially in light of that country's rising per capita incomes and changing consumer tastes which are contributing to increased consumption of meat and other higher-value food products.

While South Korea is one of the world's largest agricultural product importers, Canada currently has a disappointingly small share of that market. In 2004, Canadian agricultural exports to South Korea amounted to Cdn \$244 million, representing about 2% of South Korea's total agricultural imports. We are convinced improvements in market access could lead to an increase in Canada's share of this important and growing market.

In recent years, Canada's share of the Korean milling wheat market has ranged from only 3% to 8% of its total wheat imports, however this market often represents an important outlet when Canada has a poor quality wheat crop. In 2004/05, Canada exported nearly 800,000 tonnes of mostly feed wheat to Korea, accounting for 21% of Korea's total wheat imports, and representing Canada's 5<sup>th</sup> largest wheat export market for that crop year.

For 2004, Korea's bound tariffs were 1.8% on wheat and 9.0% on durum. We understand the applied tariff on Canadian wheat imports is now 1% on milling, durum and feed wheat. Under the free-trade negotiations, we wish to see the bound and applied tariffs reduced to zero as quickly as possible.

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Korea is also a strong potential growth market for malt barley and malt exports from Canada, given the rapid growth in beer consumption in that country. We understand Korea's TRQ on feed and malt

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barley is approximately 50,000 tonnes, and 40,000 tonnes on malt, with prohibitive tariffs applied above these amounts. We urge the elimination of these TRQs as quickly as possible.

The Wheat Growers are also concerned about discriminatory tariffs applied on canola (20%) versus soybeans (5%) imports. We urge Canadian negotiators to strive toward the elimination of the canola tariff as quickly as possible, and at the very least to achieve tariff parity with soybeans. We also face discriminatory tariffs on canola oil and meal versus oil and meal from other sources. Again, in these negotiations, we urge the Canadian government to obtain parity with tariff levels applied on these substitutes.

South Korea also represents a potential growth market for the Canadian pulse industry, particularly in the area of feed peas. We understand some dubious SPS measures are being used as a non-tariff trade barrier to the import of feed peas. Canada needs to ensure that the application of SPS provisions by Korea are based on sound concerns. We should also seek to ensure that tariffs on feed peas (and all Cdn feedgrain for that matter) are on par with corn, soybeans and other feedstuffs imported from other countries.

The Wheat Growers note with some alarm that Canada is a net importer of pasta from South Korea. We do not know if this is purely market-driven or whether there are some tariff or trade issues here that need to be addressed. Given that South Korea is not a durum wheat producer, we do believe the causes of this trade imbalance should be investigated, and action taken if pasta is not being traded in accordance with free market principles.

The Wheat Growers believe that successfully concluding a free-trade agreement with South Korea would be mutually beneficial for citizens in both countries, and for Canadian farmers in particular, given the potential for significant increases in agricultural exports to the Korean market.

The Wheat Growers also believe that successfully reaching bilateral trade arrangements helps pave the way for reaching agreements on a multi-lateral basis. As such, we encourage the Canadian government to engage in bilateral free trade negotiations with other countries in the Pacific Rim and elsewhere.

Thank you for consideration of our views.

Sincerely,



Cheryl Jolly-Nagel  
Randy Hoback

President



Chair, Trade Committee