

Voluntary Report – Voluntary - Public Distribution
2024

Date: February 27,

Report Number: KS2024-0009

Report Name: 2024 Adjustment and Voluntary TRQs for Agricultural
Commodities

Country: Korea - Republic of

Post: Seoul

Report Category: Agricultural Situation, Country/Regional FTA's, Trade Policy Incident
Report, Trade Policy Monitoring, WTO Notifications

Prepared By: Sunyoung Choi

Approved By: Shoshana Griffith

Report Highlights:

On December 26, 2023, Korea issued its flexible tariff Adjustment and Tariff Rate Quota list for certain agricultural, forestry and fishery products for calendar year (CY) 2024. Flexible tariffs, which include tariff rate quotas (TRQs) and adjustment duties, are utilized by the Korean government to stabilize consumer prices and balance supply and demand. Korea's 2024 tariff adjustments were relatively unchanged from the previous year. However, on January 19, 2024, in response to continued food price inflation, Korea announced expanded TRQs and increased in-quota volumes for several commodities such as fresh fruits, processed fruit products and table eggs to help stabilize prices before the Lunar New Year holiday. Under the 2024 tariff schemes, U.S. exports of oranges, table eggs, processed eggs, shelled peanuts, sugar, and potato starch to Korea will enjoy lower tariff rates, as these products still do not have full duty-free access under the U.S.-Korea Free Trade Agreement (KORUS).

Korea Announces 2024 Adjustment Tariffs and Voluntary TRQs

On December 26, 2023, Korea's Ministry of Economy and Finance (MOEF) announced an updated list of adjustment tariffs (Table II) and voluntary TRQs for certain agricultural, forestry and fishery products (Table III, IV, V & VI) effective for calendar year 2024. The MOEF also announced special emergency quota tariffs (Table VII and VIII) on January 19, 2024, mostly on fresh and processed products, to stabilize fresh food prices during the first half of 2024.

These adjustment tariffs, expanded TRQs, and increased in-quota volumes are part of a policy to assist domestic industries and calm food price inflation. According to MOEF, the voluntary TRQs for agricultural commodities are intended to assist the domestic food and livestock industries by reducing input costs. As such, these TRQs apply mainly to feed grains and food ingredients. Meanwhile, MOEF hopes the emergency quota tariffs will help stabilize the local fruit market during the Lunar New Year's holidays in February and leading up to the general elections in April.

Emergency TRQs Aim to Address Fruit and Egg Shortages, Inflation

Korea's MOEF had set a target of 2.6 percent inflation for 2024 but forecasted that inflation would continue to be high at around three percent in the 1st half of the year. Recent government consumer price statistics revealed persistently high prices for fresh food products in January 2024 despite moderation in the overall consumer price index (CPI). While the January 2024 CPI for all items stood at 2.8 percent above January 2023, the food and non-alcoholic beverage price index remained at 5.9 percent. The January 2024 fresh food index stood higher still at 14.4 percent above the same month last year, with fruit prices a staggering 28.1 percent above December 2023 levels in anticipation of the Lunar New Year holiday. In 2023, local production of major fruits (apples, pears, and persimmons) fell by 20 to 30 percent, increasing overall fruit prices, a major contributor to food price inflation.

On January 19, MOEF responded by applying emergency tariff quotas for an additional 21 commodities (Tables VII & VIII), including many imported fruits, during the first half of 2024 to stabilize the overall fruit market. The main fruit items targeted for additional TRQs are bananas (150,000 MT), pineapples (40,000 MT), mangoes (14,000 MT), grapefruit (8,000 MT), avocados (1,000 MT), and oranges (5,000 MT). These emergency TRQs will reduce the tariffs on imported fruit, currently at 30 percent in most cases, to zero percent by the end of June. The decision to apply emergency fruit TRQs only in the first half of 2024 aligns with the Korean government's objective to rein in inflation surrounding the Lunar New Year holiday period in February and leading into general elections in April.

In addition to continued food price inflation, Korea's domestic egg production has been limited by an outbreak of highly pathogenic avian influenza (HPAI) over the winter months. From early December 2023 until the end of January 2024, there were 30 positive cases of HPAI among Korean poultry farms. To contain the outbreak, over 3.5 million birds have been depopulated, among them over 2.7 million layer hens. To address egg supply shortages, Korea has begun importing table eggs and included fresh eggs and processed egg products in the new TRQs schedules through the end of June (Tables IV and VIII).

Details of the 2024 Tariff Adjustments

In 2024 MOEF will maintain adjustment tariffs on 13 selected agricultural and fishery items unchanged from 2023. Tariffs are set in consideration of price differences between domestic and imported goods, market share, and tariff differentials within similar products. The tariffs listed in Table II (parboiled rice, Chinese vermicelli, oak mushroom, plywood, frozen squid, and frozen Alaskan Pollack) are justified by MOEF's determination that competing domestic industries continue to need protection.

Three groups of voluntary TRQs, covering varying periods of time, aim to stabilize domestic prices, improve industrial competitiveness, and reduce costs for domestic livestock producers. Therefore, for a portion of the year, MOEF increased the number of agricultural commodities that will be afforded a tariff quota. The voluntary TRQs for chicken shown in Table III apply for only the first quarter, until March 31, 2024. The TRQs in Table IV, which will be valid for the first half of the year, through June 30, 2024, include processed eggs, sunflower oil, coffee beans, some raw and refined sugars, as well as roughly distilled alcohol used to make soju. The full-year voluntary TRQs (Table VI) cover mainly feed ingredients, but also corn and starches for food processing, and bovine hides and skins.

The Korean government will continue supporting the domestic livestock industry with voluntary TRQs for feed ingredients for the full year 2024. As it did in 2023, MOEF will offer zero-duty TRQs for feed ingredients such as corn, soybeans and soybean meal, distillers grains, feed barley, wheat bran, and beet pulp. The quota volumes for individual commodities are generally lower than last year. However, according to analysis by FAS/Seoul, the 2024 TRQ volumes will likely cover the full market demand for these commodities in Korea for the year.

In addition, 13 types of processed fruit products, such as apple concentrate, fruit puree, and tomato paste, including frozen strawberries (6,000 MT), will also enjoy reduced or zero tariffs, which is expected to help stabilize the cost of processed food production in the domestic food processing industry.

The MOEF will allocate TRQs for the following essential food items to stabilize consumer prices:

- 3,000 MT for green onions (Table VII) with zero percent duty will be allowed until the end of March 2024.
- 30,000 MT for frozen chickens (Table III) with zero duty will be allowed until the end of June 2024.
- 20,000 MT for frozen mackerel (Table VIII) with zero duty will be allowed until the end of March 2023.
- 86,000 kiloliters (KL) of undenatured ethyl alcohol (Table IV) for producing alcoholic beverages (e.g. soju) with zero duty will be allowed until the end of June 2023.
- 2.1 million MT of corn for processing (Table VI) will be allowed with zero duty until the end of December 2024.
- 1.2 million MT of soybeans for oil crushing and soybean meal (Table VI) with zero duty

- will be allowed until the end of December 2024.
- 50,000 MT of refined sugar (Table IV) with zero percent duty will be allowed during the first half of 2024, while the same quota (50,000 MT) with five percent duty (Table V) will be allowed during the second half of 2024.
 - Unlimited quantities of raw sugar (Table IV) with zero duty will be allowed until the end of June 2024.
 - Unlimited quantities of sunflower seed oil (Table IV) with zero duty will be allowed until the end of June 2024.
 - Unlimited quantities of unroasted coffee (Table IV) with zero duty will be allowed until the end of June 2024.
 - 53,000 MT of manioc chips for alcohol (Table IV) with zero duty will be allowed during the 1st half of 2024, while the same quota (53,000MT) with 10 percent duty (Table V) will be allowed during the 2nd half of 2024.
 - 190,000 MT of potato and modified starch (food grade) with zero duty (Table VI) will be allowed until the end of December 2024.
 - 10,000 MT of processed peanuts (Table IV) with 10 percent duty will be allowed until the end of June 2024.
 - 5,000 MT of processed egg products (Table IV) with zero duty will be allowed until the end of June 2024.
 - Unlimited quantities of fresh table eggs (Table VIII) until the end of June 2024

Trade Implications

Targeted Commodities Supplied by Diverse Trading Partners

Of the fresh fruits targeted for emergency TRQs, bananas, pineapples and mangoes will be imported mostly from Southeast Asian countries, while fresh oranges will be sourced from the United States and avocados from Mexico. For oranges, tariffs will be reduced from 50 percent to 10 percent on in-quota imports of 5,000 MT, benefitting U.S. navel oranges prior to the start of the KORUS duty-free season in March 2024. Korea's top grapefruit suppliers are Israel, South Africa, and the United States. Fresh vegetables such as green onions are sourced mainly from China.

Frozen chicken TRQs covering the first quarter of 2024 are expected to benefit primarily Brazil. Table eggs and egg products are expected to be sourced from the United States.

The 2024 feed ingredient voluntary TRQs are likely to have similar impacts as they did in 2023. With most U.S. feed products already at zero duty under KORUS, other supplier countries are more likely to take advantage of these reduced tariff rates. For example, in 2023 Korea began to diversify its sources of distillers dried grains and solubles (DDGS) to include Brazil. The 70,000 MT TRQ for DDGS allocated in 2024 is roughly equivalent to the amount imported in 2023 from non-U.S. suppliers, which accounted for 6 percent of total market share. South American suppliers are likely to continue taking advantage of the voluntary TRQs for corn and soybeans, while Canada will benefit from reduced tariffs for whey. Australia is the primary supplier of barley to Korea.

Improved Tariff Rates for U.S. Citrus, Eggs, Peanuts, Sugar, Potato Starch

Many agricultural, fishery, and forestry products from the United States already enjoy duty-free access to the Korean market under the KORUS FTA. However, tariff rates for certain commodities included in the voluntary and emergency TRQs (Table I) have not yet been fully phased out under KORUS as of 2024, or duty-free access is still limited by quota. These include fresh and processed eggs, oranges, shelled peanuts, sugar, and potato starch. Therefore, the revised 2024 tariff schedule presents an opportunity for U.S. exports of these products to enter the Korean market at reduced rates compared to KORUS.

In the case of oranges, the emergency TRQ allows U.S. oranges to enter Korea duty-free starting in January 2024, ahead of the usual KORUS duty-free period, which begins March 1. Industry sources report that they are already taking advantage of this extended duty-free window to import U.S. oranges. Table eggs and some processed eggs will see a modest reduction from the KORUS rates to zero duty during the first half of 2024. Due to short egg supplies following the domestic HPAI outbreak, Korea has already begun importing table eggs from the United States, its traditional supplier during years when egg imports are needed.

The impact on U.S. exports of sugar, potato starch, and peanuts to Korea is expected to be minimal. Korea’s top suppliers of sugar are Thailand, Malaysia, and Brazil, while U.S. sugar exports to Korea are typically between 1,000 and 1,500 MT annually, representing less than 1 percent market share in 2023. Europe is the primary supplier of potato starch, with almost no U.S. product exported to Korea in recent years.

Table I.
Comparison of 2024 KORUS Tariff Rates with General TRQ Adjustments

HS No.	Commodity	2024 KORUS Tariff Rate	2024 Tariff	2024 Quota (MT)
0407 21	Table eggs, of fowls of the species <i>Gallus domesticus</i> , fresh	3.6	0	Unlimited January 19-June 30
0408 99 1000	Other eggs, liquid or frozen of species <i>Gallus domesticus</i>	5.5	0	5,000 (with other 0408 and 3502 codes)
0805 10	Oranges, fresh only	50 Sept. to Feb. 0 Mar. to Aug.	10	5,000 January 19-June 30
1202 30	Seed of ground nuts, shelled whether or not broken	30	0	810
1202 42	Other, ground nuts, shelled whether or not broken			
1108 13	Potato starch	0 for 6,000 MT	0	190,000 (with 3505.10 and 3505.20)
1701 91 1701 99	Sugar, Other; containing added flavoring or coloring matter	32.6	0	50,000 January 1 – June 30
1701 91 1701 99	Sugar, Other; containing added flavoring or coloring matter	32.6	5	50,000 July 1 – December 31

Shelled peanuts will have zero duty on 810 MT in 2024, compared to 30 percent tariff under KORUS and a general rate of 40 percent for other origins. Korea imports only small volumes of shelled peanuts under H.S. code 1202 compared to H.S. code 2008 for preserved or prepared peanuts. For both categories, China is the leading supplier with 78 percent market share (29,600 MT in 2023), followed by the United States with just under 12 percent market share (4,400 MT in 2023). American peanuts imported under H.S. code 2008 already have zero tariff under KORUS, compared to 10 percent under the 2024 voluntary TRQ.

Similarly, certain processed fruit and nut products and fruit juices from the United States will continue to receive a more favorable tariff rate through the KORUS FTA, even with the 2024 tariff adjustments and voluntary TRQs. For these H.S. codes, the KORUS rates are zero, while the reduced 2024 general tariff rates remain at 5 or 10 percent after the adjustments.

- 2008.11: Prepared or preserved groundnuts excluding peanut butter – Reduced to 10 percent (0 under KORUS)
- 2008.20: Prepared or preserved pineapple – Reduced to 5 percent (0 under KORUS)
- 2008.30: Prepared or preserved citrus fruit – Reduced to 5 percent (0 under KORUS)
- 2008.40: Prepared or preserved pears – Reduced to 5 percent (0 under KORUS)
- 2008.97: Prepared or preserved mixed fruit (fruit cocktail) – Reduced to 10/5 percent (0 under KORUS)
- 2008.99: Other prepared or preserved fruit or nuts – Reduced to 5 percent (0 under KORUS)
- 2009.31 and 2009.39: Lemon juice – Reduced to 10 percent (0 under KORUS)
- 2009.71, 2009.79, and 2009.90: Apple juice – Reduced to 5/10 percent (0 under KORUS)
- 2009.81 and 2009.89: Cranberry juice – Reduced to 10 percent (0 under KORUS)

APPENDIX – 2024 Adjustment and Voluntary TRQ Tables

Table II.
Adjustment Tariffs for CY 2024 (Effective January 1, 2024)

HS No.	Commodity	WTO Bound Rate	Adjustment Tariff		
			2023	2024	Changes
0301 (Live)	Eels (<i>Anguilla spp.</i>), other than glass eels 0301 92	None	20	20	-
	Sea-bream 0301 99	None	28 A/	28 A/	-
	Sea bass 0301 99	None	28	28	-
0303 (Frozen)	Saury, 0303 59 (<i>Cololabis saira</i>)	None	24	24	-
	Alaska Pollack 0303 67 (<i>Theragra halcogramma</i>) 0303 69 (exclude <i>Theragra halcogramma</i>)	None	22	22	-
	Salted or brine shrimp 0306 95	None	32	32	-
0307	Squid (Frozen) 0307 43	None	22	22	-
0709	0709 54 Oak mushroom (<i>Lentinus edodes</i>) 0712 34	90 B/	40 B/	40 B/	-
0712					
1902	Chinese vermicelli 1902 19	54 C/	26 D/	26 D/	-
1904	Parboiled rice 1904 90	54	50	50	-
2103	Gochujang (red pepper paste), Other 2103 90	54	32	32	-
2103	Mixed Seasonings 2103 90	54	45	45	-
4412	Plywood 4412 31; 4412 33; 4412 34; 4412 39; 4412 41; 4412 42; 4412 49; 4412 91; 4412 92; 4412 99	None	10	10	-

Source: Ministry of Economy and Finance (MOEF)

Note: A/ or 2,052 Won/kg, whichever is greater; B/ or 1,625 Won/kg, whichever is greater; C/ or 427 Won/kg, whichever is greater; D/ or 206 Won/kg, whichever is greater

Table III.
Voluntary Tariff Rate Quota (TRQ) Quantities and In-quota rates for
January 1 – March 31, 2024

HS No.	Commodity	Base Tariff Rate	Quota & Tariff Rate (%) 1/	
			2024 Tariff	2024 Quota (MT)
0207	Frozen chickens, not cut in pieces 0207 12	20	Zero	30,000
0207	Frozen chicken cuts, offals 0207 14	20	Zero	
1602	Other prepared or preserved meats, of chicken 1602 32	30	Zero	

Source: Ministry of Economy and Finance

Note: 1/ January 1 – March 31, 2024

Table IV.
Voluntary Tariff Rate Quota (TRQ) Quantities and In-quota rates for
January 1 – June 30, 2024

HS No.	Commodity	Base Tariff Rate	Quota & Tariff Rate (%) 1/	
			2024 Tariff	2024 Quota (MT)
0408	Egg yolks, dried of fowls of species <i>Gallus domesticus</i> 0408 11	27	0	5,000
0408	Egg yolks, other of fowls of species <i>Gallus domesticus</i> 0408 19	27		
0408	Other, dried of fowls of species <i>Gallus domesticus</i> 0408 91	27		
0408	Other, liquid or frozen of fowls of species <i>Gallus domesticus</i> 0408 99	30		
3502	Albumins, dried for food ingredient 3502 11	8		
3502	Albumins, other, liquid or frozen 3502 19	8		
0714	Manioc chips for spirits 0714 10	20	0	53,000
0901	Coffee, not roasted: not decaffeinated 0901 11	2	0	Unlimited
0901	Coffee, not roasted: decaffeinated 0901 12	2	0	Unlimited

1512	Crude oil, sunflower-seed oil 1512 11	5	0	Unlimited
1512	Other, refined sunflower-seed oil 1512 19	5	0	Unlimited
1701	Beet sugar, raw 1701 12 Cane sugar, raw 1701 13 Other Cane sugar, raw 1701 14	3	0	Unlimited
1701	Sugar, Other; containing added flavoring or coloring matter 1701 91 1701 99	30	0	50,000
2008	Ground-nuts exclude peanut butter 2008 11	50	10	10,000
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher, roughly distilled alcohol for beverage 2207 10	10	0	86,000 KL
2306	Oil-cake of palm nuts or kernels 2306 60	2	0	25,000

Source: Ministry of Economy and Finance

Note: 1/ January 1 – June 30, 2024

Table V.

**Voluntary Tariff Rate Quota (TRQ) Quantities and In-quota rates for
July 1 – December 31, 2024**

HS No.	Commodity	Base Tariff Rate	Quota & Tariff Rate (%) 1/ 2024 Tariff 2024 Quota (MT)	
0714	Manioc chips for spirits 0714 10	20	10	53,000
1701	Sugar, Other; containing added flavoring or coloring matter 1701 91 1701 99	30	5	50,000

Source: Ministry of Economy and Finance

Note: 1/ July 1 – December 31, 2024

Table VI.
Voluntary Tariff Rate Quota (TRQ) Quantities and In-quota rates for
January 1 – December 31, 2024

HS No.	Commodity	Base Tariff Rate	Quota & Tariff Rate (%) 1/	
			2024 Tariff	2024 Quota (MT)
0301	Young eels (Anguilla), exceeding 0.3g and not exceeding 50g per unit, for aquaculture 0301 92	5	3	50
0404	Whey for feed Modified whey for feed Other whey for feed 0404 10	20	0	20,000
0714	Manioc pellets for feed 0714 10	7	0	Unlimited
1003	Unhulled barley for feed 1003 90	5	0	80,000
1005	Maize for feed 1005 90	3	0	11,000,000
1005	Maize for food processing 1005 90	3	0	2,100,000
1108	Potato starch 1108 13	8	0	190,000
3505	Dextrins and other modified starches for food 3505 10	8	0	
3505	Glues for food 3505 20	8	0	
1201	Soybean for oil crushing & oil cake for feed 1201 90	3	0	1,200,000
1214	1214 90	20	0	900,000
2308	Fodder roots and other vegetables for feed 2308 00	5		
2302	Wheat bran for feed 2302 30	2	0	40,000
2303	Beet-pulp for feed 2303 20	5	0	Unlimited
2303	Beet-pulp for mushroom farming 2303 20	5	0	25,000
2303	Brewing or distilling dregs and waste for feed	2	0	70,000

	2303 30			
2304	Soybean oil-cake for feed 2304 00	1.8	0	2,000,000
2309	2309 90 Other Preparations of a kind used in animal feeding.	5	0	12,000
4104	Hides and skins of bovine 4104 11 4104 19 4104 41 4104 49	3	1	Unlimited

Source: The Ministry of Economy and Finance

Note: 1/ January 1 – December 31, 2024

Table VII.

**Emergency Tariff Rate Quota (TRQ) Quantities and In-quota rates for
January 19 – March 31, 2024**

HS No.	Commodity	Base Tariff Rate	Quota & Tariff Rate (%) 1/	
			2024 Tariff	2024 Quota (MT)
0703	Leeks and other alliaceous vegetables, Welsh onions, Fresh 0703 90	27	0	3,000

Table VIII.

**Emergency Tariff Rate Quota (TRQ) Quantities and In-quota rates for
January 19 – June 30, 2024**

HS No.	Commodity	Base Tariff Rate	Quota & Tariff Rate (%) 1/	
			2024 Tariff	2024 Quota (MT)
0303	Frozen mackerel (<i>Scomber scombrus</i> , <i>Scomber australasicus</i> , <i>Scomber japonicus</i>) weight between 300 grams and 600 grams 0303 54	10	0	20,000
0407	Table eggs, of fowls of the species <i>Gallus domesticus</i> , fresh 0407 21	27	0	Unlimited
0803	Bananas, fresh only, other 0803 90	30	0	150,000
0804	Pineapples, fresh only 0804 30	30	0	40,000
0804	Avocados, fresh only 0804 40	30	0	1,000

0804	Mangoes, fresh only 0804 50	30	0	14,000
0805	Oranges, fresh only 0805 10	50	10	5,000
0805	Grapefruit and pomelo, fresh only 0805 40	30	0	8,000
0811	Frozen strawberries 0811 10	30	0	6,000
0811	Other fruits and nuts uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar (excluding chestnuts, jujubes, pine-nuts and other nuts) 0811 90	30	0	15,000
1202	Seed of ground nuts, shelled whether or not broken 1202 30 Other, ground nuts, shelled whether or not broken 1202 42	40	0	810
2002	Other, tomato paste (Soluble solids must be greater than or equal to 24/100) 2002 90	5	0	Unlimited
2007	Jams, fruit jellies, mamalades, fruit or nut puree and fruit or nut pastes, obtained by cooking, whether or not containing added sugar, Homogenised preparations (excluding made of nuts) 2007 10	30	0	Unlimited
2007	Other, Citrus fruit 2007 91	30	0	Unlimited
2007	Other fruit, excludes of nuts 2007 99	30	0	Unlimited
2008	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, Of Pineapples 2008 20	45	5	Unlimited
2008	Of citrus fruit (exclude citrus junos)	45	5	Unlimited

	2008 30			
2008	Of pears 2008 40	45	5	Unlimited
2008	Of mixture (fruit cocktail), in airtight containers, added sugar, Other 2008 97	50 / 45	10 / 5	Unlimited
2008	Other 2008 99	45	5	Unlimited
2009	Grapefruit juice, pomelo juice, other, Of a Brix value not exceeding 20 2009 21 2009 29	30	0	Unlimited
2009	Lemon juice, other, Of a Brix value not exceeding 20 2009 31 2009 39	50	10	Unlimited
2009	Apple juice, Of a Brix value not exceeding 20, Other, 2009 71 2009 79 Mixture of juice made of apple as a main ingredient. 2009 90	45/50	5/10	Unlimited
2009	Cranberry juice, Other 2009 81 2009 89	50	10	Unlimited
2009	Other (vegetable juice) 2009 89 Mixture of juice (Of vegetables) 2009 90	30	0	Unlimited

Source: The Ministry of Economy and Finance

Note: 1/ January 19 – June 30, 2024

Attachments:

No Attachments.