

Voluntary Report – Voluntary - Public Distribution
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Livestock Items

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Report Highlights:

In 2023, the Korean government implemented three rounds of tariff rate quotas (TRQs) for various imported agricultural, livestock, and fishery products, including new TRQs to stabilize food prices. The additional TRQs for price stabilization focused on consumer-oriented products like fresh vegetables, meat, and seafood, to relieve the burden of rising food prices on consumers. Similarly, TRQs for intermediate products, such as food and beverage ingredients, feed products, and fish bait, were targeted to lower the production cost of processed foods and drinks, livestock, and seafood, respectively. The additional TRQs are not expected to dramatically increase exports of U.S. agricultural and fishery products to Korea in 2023.

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POLICY

Additional TRQs in 2023

In 2023, the Korean government has implemented three rounds (January, March, and June) of tariff rate quotas (TRQs) on various imported agricultural, livestock, and fishery products to stabilize food prices. In response to accelerating consumer price inflation that started in the second half of 2022, the Ministry of Economy and Finance (MOEF) announced new TRQs and/or reduced duties for targeted commodities in January, March, and June of 2023. Food prices appeared to stabilize through summer 2023, but then rose again in the fall months, reaching more than 22 percent above the 2020 basis food price index according to Statistics Korea. Overall inflation is still largely driven by food and energy prices. The Korean government plans to continue TRQs and other policies such as discount coupons until the end of 2023.

As a result of these additional TRQs, the import volume of certain agricultural and livestock products through November 2023 was higher than the previous year. However, the increase in imports from the United States will not be dramatic, as most of the target items consist of fresh produce or already enjoy duty-free access under the U.S.-Korea Free Trade Agreement (KORUS). China is the main supplier of imported fresh vegetables such as green onions and radishes in the Korean market. In the case of livestock products, the new chicken TRQs have benefitted mainly Brazil, Thailand, and Europe due to the current HPAI outbreak and ongoing trade issue (SEM) affecting U.S. poultry exports to Korea.

Late last year in December 2022, MOEF announced the 2023 TRQs for certain agricultural, livestock, and fishery commodities and increased in-quota volumes for certain commodities. Following [the 2023 schedule for adjustments and quota tariffs](#), MOEF also announced two additional TRQ plans in late March and May to stabilize the increased food prices throughout the year.

March 2023 TRQs

On March 29, 2023, following an emergency meeting on people's livelihood stabilization, the ROKG decided to reduce tariff rates starting in May 2023 for seven agricultural and fishery items (see Table 1) to mitigate the burden of food prices on consumers and to reduce production costs for households engaged in agriculture and fisheries. Through the tariff reduction, prices of agricultural products (green onion, radish), livestock products (chicken), and fishery products (pollack), which are in high demand by consumers, were somewhat stabilized. In addition, the supply of potatoes (for potato chip processing), frozen saury (for hairtail fishing bait), and duck eggs (for duck hatching) expanded to stabilize production costs for farmers and fisheries.

During the first quarter of 2023, unstable supply and demand for some foods such as chicken, green onion, and pollack caused an increased food price burden on consumers, while food processors and fisheries also struggled with increased production costs of potatoes for chip processing and frozen saury for hairtail fishing bait. Consumer prices in February 2023 had risen

(year-on-year) by 16.4 percent for chicken, 29.7 percent for green onion, 10.6 percent for pollack, and 9.5 percent for potatoes (see Table 2).

Table 1.
Tariff Reduction by Commodity (announced on 3/29/2023)

Commodity		Support Type	MFN Duty (%)	In-Quota Duty (%)	Period / TRQ
Price stabilization (4 items)	Chicken	TRQ (30,000 MT)	20~30	0	By June 30 / 30,000 MT
	Green Onion	TRQ (5,000 MT)	27	0	By June 30 / 5,000 MT
	Radish	TRQ	30	0	By June 30
	Pollack	Exclude Adjustment Tariff	22	10	By June 30
Farm and fishery household support (3 items)	Fresh Potatoes for Chip Processing	TRQ (13,000 MT)	30	0	By Nov. 30 / 13,000 MT
	Frozen Saury	Exclude Adjustment Tariff	24	10	By 12/31/2023
	Hatching eggs for duck breeding	TRQ (10 MT)	12	0	By June 30 / 10 MT

Source: Ministry of Economy and Finance (MOEF)

The largest of the March 2023 TRQs was for chicken, which normally carries a 20-30 percent MFN duty. Under the new TRQ, a zero-percent duty was applied to up to 30,000 MT of imported chicken meat from May until the end of June to address supply uncertainty in the market, which had led to price instability.

The production of green onions, which normally have an MFN rate of 27 percent, decreased due to cold weather in the winter growing season, resulting in a 29.7-percent price increase in February 2023 compared to the same month of the previous year. Through this measure, a zero-percent tariff was applied within the quota of 5,000 MT until the end of June 2023 to resolve difficulties in the domestic supply.

As of January, the supply forecast for radishes between March and June 2023 was expected to decrease by about 28 percent compared to the average crop year due to cold weather in Jeju

Island. To this end, a zero-percent duty instead of the MFN duty rate of 30 percent was applied on imported radishes by the end of June 2023.

Pollack retail prices remained high in early 2023 as inventory decreased during the high-consumption winter season. A 10-percent basic duty was applied instead of a 22-percent adjusted tariff rate by the end of June 2023.

Table 2.
Major Consumer Price Change by Item (Year on Year, Percentage)

Commodity	2022			2023	
	October	November	December	January	February
Chicken	8.8	10.2	24.2	18.5	16.4
Green Onion	24.0	9.9	13.8	22.8	29.7
Radish	118.1	36.5	7.1	8.0	13.8
Pollack	11.7	11.4	11.5	12.3	10.6

Source: Ministry of Economy and Finance (MOEF)

May and June 2023 TRQs

On May 30, 2023, MOEF decided to reduce the tariff rates on eight additional agricultural, livestock, and fishery products (see Table 3) starting in early June, again to mitigate the high food price burden on households. The main targets were pork and mackerel, which are popular consumer-oriented foods; refined sugar and raw sugar, which are widely used as food ingredients; and roughly distilled alcohol for beverages, the main ingredient of soju. The May TRQs also aimed to reduce costs for livestock farmers and the feed industry by lowering the price of distillers' dried grains (DDGS) and palm kernel cake used in the production of compound feed. Domestic prices for these commodities had risen during the first half of the year, in some cases due to a short-term supply shortage, or in others because of increased international prices.

As of November 2023, Korea's imports of DDGS were up slightly by around 30,000 MT, or 2.8 percent year-on-year, whereas the additional TRQ volume was for 150,000 MT. Most of the increase in DDGS imports (27,176 MT) came from Brazil, a new supplier to Korea in 2023, and from China, up 59 percent to 15,337 MT.

Finally, MOEF decided on June 27, 2023, to reduce the tariff on chicken meat again starting July 1, 2023, amid continued high food prices. With this measure, the basic duty of 20 to 30 percent was reduced to zero percent on an additional 30,000 MT by the end of the year. Voluntary TRQs for chicken had already been applied twice for a total of 60,000 MT, covering January 1 to

March 31, and May 1 to June 30, 2023. Therefore, a total of 90,000 MT of chicken meat was permitted to be imported under the new duty-free TRQs. However, given the over-quota rate is not trade prohibitive, Korean poultry imports have increased 14 percent year-on-year to nearly 235,000 MT from January to November 2023, according to Trade Data Monitor. The increase in poultry imports to Korea has mainly benefited Brazilian and Thai chicken suppliers, who together hold over 92 percent of import market share. Imports from Scandinavian countries Denmark, Finland, and Sweden, also increased to over 8,000 MT and a combined 3.6-percent market share. For more information, see the [2023 Poultry Annual GAIN Report for Korea](#).

Table 3.
Tariff Reduction By Commodity (announced on 5/31/2023)

Item	Support Type	Current Tariff Rate (percent)	Applied TRQ Duty (%)	TRQ Period / Qty. (MT)
Pork	TRQ Period Extension & TRQ Increase	22.5/25 → Zero	Zero	By Dec 31 st / 45,000 MT Increase
Mackerel*	TRQ Reallocation	10	Zero	By Aug 31 st / 10,000 MT
Refined Sugar	Tariff Reduction	30 → 5	Zero	By Dec 31 st / 105,000 MT
Raw Sugar	New TRQ	3	Zero	By Dec 31 st / Unlimited
Roughly distilled alcohol for beverages	TRQ Period Extension & TRQ Increase	10 → Zero	Zero	By Dec 31 st / 86,000 Kiloliters Increase
Palm kernel cake for feed	New TRQ	2	Zero	By Dec 31 st / 45,000 MT
Distillers dried grains for feed	New TRQ	2	Zero	By Dec 31 st / 150,000 MT
Ginger**	TRQ Increase	20 / 377.3	-	By Sept 30 th / 1,500 MT

Source: Ministry of Economy and Finance (MOEF)

* Previous TRQ ended as of 5/31/2023 (10 percent → zero percent, between 300g~600g fish) ⇒ **TRQ Reallocation (over 300g fish) through August 31**

** Previously 20 percent for in-quota (up to 1,860 MT), while 377.3 percent for out-quota ⇒ **20 percent for Out-of-quota on additional 1,500 MT (Increase to 3,360 MT)**

Attachments:

No Attachments.