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Korea - Republic of

Grain and Feed Annual

2015 Annual Report

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Report Highlights:

Wheat imports remain fairly steady at 3.9 and 4 million tons for MY 2014/15 and MY2015/16 respectively. Imports hinge to a large extent on the continued availability of feed wheat with milling wheat remaining steady. Meanwhile, corn consumption is expected to remain around 10.1 and 10 million MT for MY 2014/15 and MY 2015/16 respectively. Imports of U.S. corn in My 2015/16 are forecast to increase to 4 million MT, about 41 percent of total corn imports. Rice consumption continues its downward trend as Korean consumers show an increasing preference for Western foods.

Commodities:

Wheat

Production:

MY 2015/16 wheat production is forecast to decline to 24,900 tons, down 6 percent from the current marketing year's estimate due to decreased planting area. The upland direct payment program doesn't increase wheat planting area because wheat requires a longer growing period compared to other winter crops such as barley and forage crops, hindering timely rice transplantation as a double crop after wheat cultivation. The Korean government has made upland direct payment of 400,000 Korean Won (US\$380) per hectare to farmers who have grown winter crops in their paddy fields since 2014.

Korea: Wheat Production			
Crop Year	Harvested Area(Hectare)	Yield(MT/HA)	Production(MT)
2006	1,738	3.34	5,810
2007	1,928	3.81	7,624
2008	2,549	4.06	10,359
2009	5,067	5.15	26,087
2010	12,548	3.12	39,116
2011	13,044	3.35	43,677
2012	9,467	3.91	37,014
2013	7,373	3.68	27,130
2014 ^{a/}	7,180	3.70	26,500
2015 ^{a/}	7,000	3.55	24,900

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA), Statistics Korea (KOSTAT)

a/ FAS/Seoul forecast; yield is based on five year average.

Consumption:

MY 2015/16 wheat consumption is forecast at 3.84 million tons, an increase of nearly 120,000 tons from the current marketing year due to an anticipated increase of available supply of competitively-priced feed wheat, as milling wheat consumption remains stable.

MY 2015/16 milling wheat consumption, including flour and pasta trade on a wheat basis, is forecast at 2.34 million tons, a slight increase from the current marketing year.

In MY 2014/15, total wheat consumption is expected to stay around 3.72 million tons, down 13 percent from the previous year mainly due to lower demand for imported feed grade wheat which has been less competitive than corn. Milling wheat consumption is expected to be 2.32 million tons, which includes imports of flour and pasta, almost the same as the previous year.

Korea: Monthly Wheat Use (1,000 MT)				
Month	Feed Wheat		Milling Wheat a/	
	MY 2013/14	MY 2014/15	MY 2013/14	MY 2014/15
July	235	129	176	183
August	219	121	173	174
September	226	126	156	166
October	245	134	185	179

November	205	130	180	172
December	159	143	180	186
January	125	115	184	194
February	100	103	161	152
Sub Total	1,541	1,001	1,395	1,406
March	101	na	176	na
April	100	na	180	na
May	108	na	177	na
June	114	na	175	na
Total	1,936	na	2,102	na

Source: KFA and KOFMIA

a/ includes wheat flour exports, but excludes the portion used in soy-sauce production

Korea: Post Estimates of Domestic Wheat Use (1,000 MT, July/June)				
Year	2012/13	2013/14	2014/15 ^{c/}	2015/16 ^{c/}
Imported Milling Wheat ^{1/}	2,193	2,132	2,130	2,150
Imported Milling Wheat ^{2/}	167	180	180	180
Flour Imports ^{a/}	39	33	35	35
Flour Exports ^{a/}	62	63	65	65
Pasta Imports ^{a/}	135	150	150	155
Pasta Exports ^{a/}	130	140	130	140
Local Wheat	37	27	27	25
FSI Consumption ^{b/}	2,379	2,319	2,327	2,340
Feed Wheat	2,818	1,936	1,400	1,500
Total Consumption ^{b/}	5,197	4,255	3,727	3,840

Source: Korea Feed Association (KFA), Korea Flour Millers Industry Association (KOFMIA) and Korea Customs Service (KCS)

a/ Wheat basis

b/ include local wheat, flour imports and pasta imports but exclude flour exports and pasta exports

c/ FAS/Seoul forecast

1/ KOFMIA members

2/ non- KOFMIA member

Korea: Wheat Flour Utilization (1,000 MT)						
Calendar Year	2009	2010	2011	2012	2013	2014
Total Consumption ^{1/}	1,615	1,610	1,634	1,672	1,575	1,695
Per Capita (Kg/Year) ^{2/}	31.4	32.6	32.8	33.4	31.4	33.6

Source: Korea Flour Mills Industrial Association (KOFMIA)

1/ based on flour millers' sales including exports, imports and animal feed purposes, but wheat flour production basis excluding animal feed and exports since 2010.

2/ excludes animal feed and exports from total consumption, including imports of wheat flour.

Trade:

MY 2015/16 wheat imports are projected at 4 million tons, of which 2.5 million tons is for milling (including flour and pasta imports on a wheat equivalent basis) and 1.50 million tons for feed. The import estimate hinges to a large extent on the continued availability of feed wheat with milling wheat remaining steady.

MY 2014/15 wheat imports are expected to reach 3.9 million tons given that imports for feed wheat were lower than the previous year during the first eight months of the current marketing year and pending feed grade wheat contracts for the remaining four months. In MY 2014/15 Ukraine is the major supplier of feed grade wheat, followed by Bulgaria, Canada, the United States, Romania, France and Denmark for the first eight months. Imports of U.S. wheat in MY 2014/15 are expected to reach around 1.3 million tons, including approximately 100,000 MT of feed grade wheat.

Korea: Wheat Imports (1,000 MT, Customs Cleared Basis)
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Marketing Year (July/June)	Feed Wheat	Milling Wheat	Flour Imports ^{1/}	Pasta Import ^{1/}	Total
05/06	1,536	2,220	41	101	3,898
06/07	976	2,298	69	108	3,451
07/08	565	2,317	105	117	3,104
08/09	1,151	2,058	69	105	3,383
09/10	2,164	2,071	127	119	4,481
10/11	2,075	2,520	63	123	4,781
11/12	2,868	2,169	42	122	5,201
12/13	2,820	2,461	39	135	5,455
13/14	1,948	2,181	33	150	4,312
14/15 ^{2/}	1,400	2,310	35	155	3,900
15/16 ^{2/}	1,500	2,300	40	160	4,000

Source: Korea Customs Service

1/ Wheat basis

2/ FAS/Seoul forecast

Korea: Monthly Wheat Imports (1,000 MT)				
Month	Feed Wheat		Milling Wheat	
	MY 2013/14	MY 2014/15	MY 2013/14	MY 2014/15
July	249	87	77	178
August	163	35	259	189
September	198	149	91	182
October	316	230	234	237
November	161	117	129	179
December	120	97	267	206
January	130	143	129	212
February	187	64	182	168
Sub Total	1,524	922	1,368	1,551
March	42	Na	247	Na
April	125	Na	210	Na
May	74	Na	165	Na
June	183	Na	191	Na
Total	1,948	Na	2,181	Na

Source: Korea Customs Service

Korea: MY 20014/15 Monthly Wheat Imports by Origin (1,000 MT, based on Customs Clearance)						
Country	U. S.	Australia	Canada	India	Other	Total
Milling Wheat						
July 2014	140	15	23	0	0	178
August	90	93	6	0	0	189
September	72	77	33	0	0	182
October	107	119	11	0	0	237
November	56	99	23	0	1	179
December	99	104	2	0	1	206
January 2015	144	49	18	0	1	212
February	75	92	0	0	1	168
Total(Jul-Feb) 2014/15	783	648	116	0	4	1,551
Total(Jul-Feb) 2013/14	719	562	87	0	0	1,367
Feed Wheat						

July 2014	47	0	30	5	5	87
August	0	0	30	5	0	35
September	0	0	39	0	110 ^{a/}	149
October	0	0	0	0	230 ^{b/}	230
November	0	0	3	0	114 ^{c/}	117
December	0	0	0	0	97 ^{d/}	97
January 2015	28	0	0	0	115 ^{e/}	143
February	3	0	0	0	61 ^{f/}	64
Total(Jul-Feb) 2014/15	78	0	102	10	732	922
Total(Jul-Feb) 2013/14	0	0	183	249	1,092	1,524
Total Wheat						
July 2014	187	15	52	5	5	266
August	90	93	36	5	0	224
September	72	77	71	0	110	331
October	107	119	11	0	230	467
November	56	99	26	0	115	296
December	99	104	2	0	97	303
January 2015	173	49	18	0	115	355
February	78	92	0	0	62	232
Total(Jul-Feb) 2014/15	862	648	216	10	734	2,473
Total(Jul-Feb) 2013/14	719	562	270	249	1,092	2,892

Source: Korea Customs Service

a/ Romania (40,675 MT); Bulgaria (69,449 MT)

b/ Ukraine (161,836); Bulgaria (46,854); Romania (21,827)

c/ Ukraine (113,736);

d/ Ukraine (96,142); Romania (1,094)

e/ Ukraine (56,456); France (57,750)

f/ Ukraine (12,002); Denmark (49,282)

Korea: MY 2014/15 Feed Wheat Contracts		
by		
Estimated Time of Arrival (ETA)		
(Unit: 1,000 MT, as of early January 2015)		
ETA	Quantity	Price (USD/MT) ^{1/}
Jul. 2014	65	290
Aug.	130	289
Sep.	106	287
Oct.	194	268
Dec.	84	244
Jan. 2015	118	241
Feb.	112	249
Mar.	55	250
Apr.	110	250
May	135	242
June	145	234
Total	1,254	

Source: Local Grain Traders

1/ CNF on Weighted Average

Tariff

In early January 2015, the Ministry of Strategy and Finance (MOSF) released its adjusted tariffs and tariff rate quotas (TRQ) for CY 2015. However, the government excluded milling wheat from the list of autonomous TRQ in CY 2015. The out-of-

quota duty remains fixed at 1.8 percent. Of note, the feed wheat TRQ and its corresponding duty were eliminated in 2007. The duty on U.S. wheat is zero under the KORUS FTA.

In CY 2015, the flour import tariff rate is applied at 4.2 percent of the local base rate. Under KORUS FTA, import tariffs for U.S. wheat flour (H.S. 1101.00.1000) are scheduled to phase out over a 5-year period, declining to 0.8 percent in 2015, while tariffs for meslin flour (H.S. 1101.00.2000) the mixture of rye and wheat flour, immediately fell to zero.

Korea: Wheat Import Tariff Rates for CY 2015 (Percent)					
Commodity		Applied Tariff Rate		Bound Tariff Rate	
		2014	2015	2014	2015
Durum Wheat, Seed	1001.11.0000	3	3	9.0	9.0
Durum Wheat, Other	1001.19.0000	3	3	9.0	9.0
Seed, Meslins	1001.91.1000	3	3	9.0	9.0
Seed, Other	1001.91.9000	1.8	1.8	1.8	1.8
Feeding, Meslins	1001.99.1010	3	3	9.0	9.0
Feeding, Other	1001.99.1090	0	0	1.8	1.8
Milling, Meslins	1001.99.2010	3	3	9.0	9.0
Milling, Other ^{1/}	1001.99.2090	1.8(1)	1.8	1.8	1.8
Others, Meslins	1001.99.9010	3	3	9.0	9.0
Others, Other ^{1/}	1001.99.9090	1.8(1)	1.8	1.8	1.8

Source: Korea Customs Service (KCS)

1/ The number in parenthesis is the in-quota tariff rate.

Flour Trade:

MY 2014/15 flour imports are expected to increase to 40,000 tons (wheat equivalent) to meet demand from small-sized restaurants and noodle manufacturers as they are loyal users of cheaper priced flour. Pasta imports are expected to be around 150,000 MT (wheat equivalent) based on imports for the first seven months of the marketing year. Annual flour exports are approximately 60,000 tons (wheat equivalent), while pasta exports remain around 130,000 MT (wheat equivalent).

Korea: Wheat Flour Imports (Metric Ton, July/June)						
Country	MY2009	MY2010	MY2011	MY2012	MY2013	MY2014a/
U.S.A.	873	531	1,025	1,318	716	1,056
Canada	34,213	13,540	1,381	1,037	973	811
Australia	1,252	528	223	395	658	2,707
China	1,328	583	0	121	60	0
Turkey	24,568	11,130	8,784	3,636	1,144	1,154
Indonesia	7,647	9,956	7,708	9,616	8,011	6,108
Hungary	8,893	110	0	0	0	0
Others	14,112	9,772	11,250	12,478	10,237	16,085
Total	92,886	46,150	30,371	28,600	21,799	27,921
Wheat Basis	127,068	63,133	41,548	39,125	29,821	38,195

Source: Korea Customs Service (KCS)

a/ year round based on the first seven months (July 2014-January 2015)

Korea: Pasta Imports (Metric Ton, July/June)						
Country	MY2009	MY2010	MY2011	MY2012	MY2013	MY2014a/
U.S.A.	326	424	429	512	451	336

China	64,123	62,024	61,766	65,716	73,991	72,555
Italy	13,525	16,368	15,169	19,193	20,595	21,305
Thailand	2,584	3,142	3,851	4,359	4,894	4,889
Indonesia	2,102	2,530	1,593	2,007	1,994	2,925
Turkey	2,388	2,507	3,193	3,630	4,094	3,597
Others	2,242	2,960	3,090	3,466	3,717	3,809
Total	87,290	89,955	89,091	98,883	109,736	109,416
Wheat Basis	119,413	123,058	121,876	135,272	150,118	149,681

Source: Korea Customs Service (KCS)

a/ year round based on the first seven months (July 2014-January 2015)

Korea: Wheat Flour Exports (Metric Ton, July/June)						
	MY2009	MY2010	MY2011	MY2012	MY2013	MY2014a/
Total	44,234	48,056	44,909	46,843	43,230	46,963
Wheat Basis	58,979	64,075	59,879	62,457	57,640	62,617

Source: Korea Customs Service (KCS)

a/ year round based on the first seven months (July 2014-January 2015)

Korea: Pasta Exports (Metric Ton, July/June)						
Country	MY2009	MY2010	MY2011	MY2012	MY2013	MY2014a/
USA	18,000	19,189	20,365	23,694	23,979	21,375
Japan	11,106	13,811	12,773	10,989	9,833	8,117
China	4,142	4,595	5,517	5,597	7,918	8,847
Russia	2,265	2,450	3,417	3,465	3,108	2,086
Australia	4,707	5,304	4,875	4,956	5,439	4,903
Hong Kong	4,900	6,145	7,159	9,035	11,195	10,289
Others	24,973	29,435	33,521	36,954	41,090	40,262
Total	70,093	80,930	87,626	94,689	102,563	95,880
Wheat Basis	95,887	110,712	119,873	129,535	140,306	131,164

Source: Korean Customs Service (KCS)

a/ year round based on the first seven months (July 2014-January 2015)

Production, Supply and Demand Data Statistics:

Wheat PS&D

Wheat	2013/2014		2014/2015		2015/2016	
	Jul 2013		Jul 2014		Jul 2015	
Market Begin Year	USDA Official	New post	USDA Official	New post	USDA Official	New post
Korea, South	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	7	7	7	7	0	7
Beginning Stocks	1,521	1,521	1,473	1,402	0	1,414
Production	27	27	27	27	0	25
MY Imports	4,288	4,312	3,800	3,900	0	4,000
TY Imports	4,288	4,312	3,800	3,900	0	4,000
TY Imp. from U.S.	1,403	1,220	0	1,300	0	1,300
Total Supply	5,836	5,860	5,300	5,329	0	5,439
MY Exports	144	203	150	195	0	200
TY Exports	144	203	150	195	0	200
Feed and Residual	1,900	1,936	1,400	1,400	0	1,500

FSI Consumption	2,319	2,319	2,320	2,320	0	2,340
Total Consumption	4,219	4,255	3,720	3,720	0	3,840
Ending Stocks	1,473	1,402	1,430	1,414	0	1,399
Total Distribution	5,836	5,860	5,300	5,329	0	5,439
1000 HA, 1000 MT, MT/HA						

WHEAT -- STATISTICAL TABLES

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Wheat		
Time Period	July/June	Units:	1,000MT
Imports for:	2012		2013
U.S.	1404	U.S.	1218
Others		Others	
Australia	1787	Australia	940
India	1552	Romania	616
Brazil	175	Canada	444
Canada	261	India	371
Ukraine	102	Bulgaria	247
		Ukraine	151
		Russia	72
		Turkey	48
		Serbia	19
Total for Others	3877		2908
Others not Listed	0		2
Grand Total	5281		4128

Note: exclude the import of wheat flour and pasta

Korea: Milling Wheat Imports by Variety (Arrival Basis, Calendar Year)					
Origin	Variety	CY 2013		CY 2014	
		(1,000 MT)	%	(1,000 MT)	%
United States	No. 1 WW/SW	447,729	21.9	424,386	20.0
	No. 1 WW/SW 8.5 max.	56,679	2.8	62,507	3.0
	No. 1 HRW 11.5 min.	207,162	10.1	200,854	9.5
	No. 1 DNS 14.0 min.	275,836	13.5	303,211	14.3
	No. 2 SRW	6,504	0.3	7,042	0.3
	Sub Total	993,910	48.7	998,000	47.1
Australia	ASW ^{a/}	760,902	37.3	839,394	39.6
	AH ^{b/}	123,552	6.1	117,992	5.5
	APH ^{d/}	206	0.0	52,979	2.5
	APW ^{e/}	41,404	2.0	239	0.1
	Sub Total	926,064	45.4	1,010,604	47.7
Canada	No. 2 CWRS 13.5 min.	119,372	5.8	107,400	5.0

Others	Organic Wheat	1,766	0.1	3,599	0.2
	Grand Total	2,041,112	100.0	2,119,603	100

Source: Korea Flour Mills Industrial Association (KOFMIA)

a/ Australian Standard White Wheat

b/ Australian Hard Wheat

c/ Australian Noodle Wheat

d/ Australian Premium Hard

e/ Australian Premium Wheat

Commodities:

Corn

Production:

Corn production is negligible and accounts for less than one percent of total consumption. Planted area for MY 2015/16 is expected to remain steady at around 16,000 hectares, while production is forecast at 77,000 MT based on the preceding five-year average yield.

Statistics Korea (KOSTAT) recently released data on 2014 planting area at 15,839 hectares, down just 0.4 percent over the previous year. Post estimates Korea's corn production at about 78,000 metric tons based on the preceding five-year average yield. The government will release the 2014 official production figures in April 2015.

Korea: Corn Production			
Crop Year	Area (HA)	Yield (MT/HA)	Production (MT)
2006	13,661	4.73	64,623
2007	16,981	4.82	83,513
2008	18,366	5.05	92,830
2009	15,326	5.02	76,975
2010	15,528	4.79	74,339
2011	15,823	4.65	73,612
2012	17,001	4.89	83,210
2013	15,905	5.06	80,465
2014 ^{a/}	15,839	4.90	77,600
2015 ^{b/}	15,800	4.86	76,700

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA), Statistics Korea (KOSTAT)

a/ FAS/Seoul forecast based on five-year average yield per corn harvest area KOSTAT released.

b/ FAS/Seoul projection based on five-year average yield

Consumption:

MY 2015/16 corn consumption is forecast to stay around 10 million MT, slightly down 0.1 million MT from the estimated record consumption in the current marketing year. Cattle farmers are expected to reduce their inventories due to a decreasing supply of calves until CY 2017. Feed corn consumption is projected to decrease to 7.9 million MT, down 0.1 million MT from the estimated current marketing year level in large part due to an anticipated decrease in compound feed production for the cattle sector. However, food, seed and industrial (FSI) corn consumption is expected to stay around 2.1 million MT to meet a constant demand for high fructose corn syrup (HFCS) and corn products from Korean food industries.

MY 2014/15 corn consumption remains unchanged at 10.1 million tons from the previous forecast, which is composed of 8 million tons for feed purpose and 2.1 million tons for food, seed and industrial (FSI) purpose. Greater demand for feed corn will offset the decrease of feed grade wheat, which is less competitive than corn in the global market.

Feed

Compound feed production is expected to remain around 18.8 million tons for both MY 2014/15 and MY 2015/16, respectively, due to strong growth in swine inventory which offsets the reduction in cattle, while poultry numbers stay strong and steady. Feed corn is expected to be the major ingredient used in compound feed, accounting for more than 40 percent of total ingredients for both marketing years.

Food

Corn processors continue using GM corn and non-biotech IP corn as well as traditional corn to produce corn starch, HFCS and corn flour. GM corn imported from the United States, South American countries and Ukraine has been used for starch and HFCS. Non-biotech IP corn imported from the United States and Brazil and traditional corn imported from Hungary, Serbia, Romania and South Africa have been used for corn starch, HFCS and corn flour. The perceived public concern over biotech continues to exert pressures on imported processing corn, especially biotech corn that is used to manufacture cooking oil and HFCS. Many food processing companies have been reluctant to use ingredients sourced from biotech corn. Some food processing companies utilizing corn starch products have sourced ingredients imported from China since these items are reportedly derived from non-biotech corn.

Korea: Monthly Corn Use (1,000 MT)				
Month	Feed Corn		Processing Corn	
	MY 2013/14	MY 2014/15	MY 2013/14	MY 2014/15
October	588	676	175	180
November	596	621	165	178
December	687	707	164	169
January	703	635	161	170
February	632	602	148	155
Sub Total	3,206	3,241	813	852
March	653	na	180	na
April	664	na	171	na
May	669	na	177	na
June	646	na	176	na
July	659	na	184	na
August	626	na	175	na
September	639	na	159	na
Total	7,762	na	2,034	na

Source: Korea Feed Association (KFA), Korea Corn Processing Industry Association (KOCPIA)

Korea: Total Corn Utilization (Oct./Sept., 1,000 MT)				
Marketing Year	Feed	Processing a/	Food b/	Total
2008/09	6,368	1,418	108	7,894
2009/10	6,362	1,928	92	8,382
2010/11	6,074	2,051	89	8,214
2011/12	5,690	2,036	89	7,815
2012/13	6,483	1,900	98	8,481
2013/14	7,762	2,034	95	9,891
2014/15 ^{c/}	8,000	2,000	93	10,100
2015/16 ^{c/}	7,900	2,000	95	9,995

Source: Korea Feed Association (KFA), Korea Corn Processing Industry Association (KOCPIA)

a/ Used for wet and dry milling process based on imported corn.

b/ For on-farm human consumption (on-the-cob) or snack food consumed on-the-cob, as puffed kernels or as corn tea. Imported white corn for popping has been included since MY 2004.

c/ FAS Seoul forecast

Korea: Feed Ingredient Use for Compound Feed Production (October/September, 1,000 MT)				
Items	MY 2012/13	MY 2013/14	MY 2014/15 ^{a/}	MY 2015/16 ^{a/}
Sub. Total Grains and Grain Substitutes	12,115	12,080	12,100	12,100
- Wheat	2,710	1,633	1,400	1,500
- Corn	6,483	7,762	8,000	7,900
- Other Grains and Grain Substitute ^{b/}	2,992	2,685	2,700	2,700
Others ^{c/}	6,698	6,758	6,700	6,700
Grand Total	18,883	18,838	18,800	18,800

Source: Korea Feed Association (KFA)

a/ FAS Seoul forecast

b/ includes Tapioca, bran and gluten feed.

c/ includes vegetable protein meal, animal protein, minerals/additives, tallow, DDGS and molasses.

Korea: Compound Feed Production by Species (October/September, 1,000 MT)				
Species	MY 2012/13	MY 2013/14 ^{a/}	MY 2014/15 ^{b/}	MY 2015/16 ^{b/}
Poultry	4,726	5,107	5,200	5,200
Swine	6,100	6,015	6,100	6,300
Cattle	6,572	6,388	6,100	5,900
Others ^{c/}	1,483	1,314	1,400	1,400
Total	18,881	18,824	18,800	18,800

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA)

a/ Preliminary

b/ FAS/Seoul forecast

d/ include ducks, rabbit, horse, sheep, deer, quail etc

Trade:

With cattle inventories expected to fall while swine numbers are growing, MY 2015/16 total corn imports are projected to increase to 9.8 million MT, up 200,000 tons from the current marketing year estimate, consisting of 7.8 million MT of feed corn to meet the demand for compound feed, and 2 million MT of processing corn to meet relatively stable demand for food processing.

MY 2015/16 U.S. corn imports are forecast to increase to 4 million MT or about 41 percent of total Korean corn imports, up from the estimated 40 percent of total Korean corn import for the current marketing year.

Corn imports for MY 2014/15 are expected to decrease to 9.6 million MT, down 0.8 million tons from the previous year due to higher feed corn imports than actual corn consumption for feed in the previous year, resulting in higher ending stocks than normal. For the first five months in MY 2014/15, corn imports for feed are about 15 percent lower than the same period of the previous marketing year.

In MY 2014/15, U.S. corn exports to Korea are revised down to 3.8 million tons, down one million tons from post's previous forecast due to greater supply of competitively priced Eastern European/Black Sea corn in recent corn contracts in tandem with expected competitively priced South American corn for the latter part of the marketing year. For the first five months of the marketing year, U.S. corn market share was at 23 percent.

As of early March 2015, importers contracted 8.6 million tons of corn for deliveries through September 2015, continuing to make up for some contracts for July 2015 arrival onward. Most feed corn contracts are optional origin at seller's option from South American countries, Eastern Europe/Black Sea, or the United States with a price range of USD 200-269 per metric ton CNF, while corn processors have contracted for No. 2 GM/non-GM yellow corn from South America or the United States, and conventional corn from Eastern Europe with a price range of USD 208-276 per metric ton, CNF. Most recent buying contracts were stabilized in the range of USD 200-204 per ton for feed corn and USD 208-217 for processing corn, CNF.

Korea: Corn Imports (1,000MT, Customs Cleared Basis)							
Marketing Year	From World			From the U. S.			U. S. Share
	Feed	Processing	Total	Feed	Processing	Total	%
07/08	7,680	1,629	9,309	7,259	1,077	8,336	90
08/09	5,781	1,431	7,212	4,883	921	5,804	80
09/10	6,457	2,003	8,460	6,097	1,407	7,504	89
10/11	6,060	2,047	8,107	5,183	1,133	6,316	78
11/12	5,600	2,035	7,635	3,450	307	3,757	49
12/13	6,230	1,944	8,174	341	115	456	6
13/14	8,319	2,086	10,405	3,769	842	4,611	44
14/15 ^{a/}	7,600	2,000	9,600	3,200	600	3,800	40
15/16 ^{a/}	7,800	2,000	9,800	3,500	500	4,000	41

Source: Korea Customs Service

a/ FAS/Seoul forecast

Korea: MY 2014/15 Monthly Corn Imports by Origin (1,000 MT, based on Customs Clearance)						
Country	U. S.	Argentina	Brazil	Serbia	Others1/	Total
Feed Corn						
2014 Oct.	480	161	120	0	85	846
Nov.	181	32	202	0	50	465
Dec.	28	69	425	0	228	750
2015 Jan.	50	30	311	0	352	743
Feb.	18	2	259	0	279	558
2014/15 (Oct-Feb)	757	294	1,317	0	994	3,362
2013/14 (Oct-Feb)	669	112	1,591	0	1,568	3,940
Processing Corn						
2014 Oct.	79	0	89	0	13	181
Nov.	84	0	86	0	13	183
Dec.	17	0	2	30	88	137
2015 Jan.	12	0	71	39	46	168
Feb.	1	0	42	45	50	138
2014/15 (Oct-Feb)	193	0	290	114	210	807
2013/14 (Oct-Feb)	76	4	178	177	384	819
Total						
2014 Oct.	559	161	209	0	98	1,027
Nov.	265	32	288	0	63	648
Dec.	45	69	427	30	316	887
2015 Jan.	62	30	382	39	398	911
Feb.	19	2	302	45	328	696
2014/15 (Oct-Feb)	950	294	1,608	114	1,203	4,169
2013/14 (Oct-Feb)	745	116	1,771	177	1,950	4,759

Source: Korea Customs Service

1/ Ukraine (792,174 MT), Russia (87,081 MT), Serbia (113,652 MT), Romania (117,204 MT), South Africa (146,627 MT), Hungary (40,637MT) and Australia (16,717 MT)

Korea: Monthly Corn Import (1,000 MT, Customs Cleared Basis)				
Month	Feed Corn		Processing Corn	
	MY 2013/14	MY 2014/15	MY 2013/14	MY 2014/15

October	620	846	131	181
November	631	465	178	183
December	975	750	222	137
January	885	743	118	168
February	829	558	170	138
Sub Total	3,940	3,362	819	807
March	488	na	158	na
April	664	na	234	na
May	698	na	166	na
June	540	na	300	na
July	591	na	85	na
August	658	na	112	na
September	740	na	212	na
Total	8,319	na	2,086	na

Source: Korea Customs Service

Korea: MY 2014/15 Corn Contracts ^{1/} by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of early February 2015)						
ETA	U.S.	Europe	SOAM	Others ^{2/}	Total	Price ^{3/}
Oct. 2014	0	0	0	639	639	265
Nov.	0	0	0	805	805	255
Dec.	110	55	0	497	662	247
Jan. 2015	0	0	0	586	586	222
Feb.	62	55	0	532	649	215
Mar.	123	0	55	464	642	214
Apr.	115	0	0	766	881	215
May	183	0	0	813	996	211
June	133	0	0	702	835	207
July	65	0	0	635	700	204
Aug.	0	0	0	618	618	206
Sep.	45	0	0	547	592	206
Total	836	110	55	7,604	8,605	

Source: Local Grain Traders

1/ reflecting 90-95 percent of actual contracts due to some omitted contracts data

2/ optional origins at seller's option out of USA, SOAM or Europe

3/ USD/MT, CNF on Weighted Average

Tariff

In early January 2015, the Ministry of Strategy and Finance (MOSF) released its adjusted tariffs and tariff rate quotas (TRQ) for CY 2015. The autonomous TRQs cover a variety of agricultural products, including feed corn. The TRQ for feed corn set at 8 million MT with zero percent duty for CY 2015. Please refer to [KS1505 \(2015 Korea's Adjustment and Quota Tariffs Schedule\)](#) for more details. However, the government excluded processing corn from the list of TRQs in 2015. The out-of-quota duty for both feed and processing corn remained fixed at 328 percent.

Of the annual autonomous TRQs for feed corn, 8 million MT has been allocated to feed millers who are members of the Korea Feed Association (KFA) and Nonghyup Feed Inc. (NOFI). The Korea Corn Processing Industry Association (KOCPIA) manages about 2 million MT of processing corn at 3 percent of import tariff rate as base rate.

Under KORUS FTA, the duty on U.S. feed corn immediately fell to zero. If imports of U.S. corn claim the KORUS preferential duty, those imports would not count against the global TRQ. Conversely, the duty free volumes for corn for

food processing will grow each year with tariffs being completely phased out by 2019. For greater detail, please refer to [Chapter 3, Annex 3-A](#) of the trade agreement.

Korea: Import Tariff Rate for CY 2015							
Commodity	In-Quota				Out-of-Quota Rate	Bound Tariff Rate	
	Current Market Access Quota		Temporary Quota			In-Quota	Out-of-Quota
	Volume	%	Volume	%	%	%	%
Feed Corn 1005.90.1000	6,102,100 MT	1.8	8,000,000 MT	0	328	1.8	328
Processing Corn 1005.90.9000		3	0	na	328	3	328

Source: Korea Customs Service (KCS)

Production, Supply and Demand Data Statistics:

Corn PS&D

Corn	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
Korea, South	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	16	16	16	16	0	16
Beginning Stocks	1,260	1,260	1,855	1,854	0	1,432
Production	80	80	78	78	0	77
MY Imports	10,406	10,405	9,600	9,600	0	9,800
TY Imports	10,406	10,405	9,600	9,600	0	9,800
TY Imp. from U.S.	5,324	4,611	0	3,800	0	4,000
Total Supply	11,746	11,745	11,533	11,532	0	11,309
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	7,762	7,762	8,000	8,000	0	7,900
FSI Consumption	2,129	2,129	2,100	2,100	0	2,100
Total Consumption	9,891	9,891	10,100	10,100	0	10,000
Ending Stocks	1,855	1,854	1,433	1,432	0	1,309
Total Distribution	11,746	11,745	11,533	11,532	0	11,309
1000 HA, 1000 MT, MT/HA						

CORN -- STATISTICAL TABLES

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Corn		
Time Period	Oct/Sept	Units:	1,000MT
Imports for:	2012		2013
U.S.	456	U.S.	4611
Others		Others	
Brazil	3973	Brazil	1980
Argentina	2592	Ukraine	1760
France	374	Russia	804
Hungary	202	Serbia	406
Serbia	220	Argentina	358
Ukraine	114	South Africa	167

South Africa	95	Romania	110
Australia	74	Australia	59
		Hungary	50
		France	49
Total for Others	7644		5743
Others not Listed	74		52
Grand Total	8174		10406

Source: Korea Customs Service (KCS)

Korea: Corn Imports (1,000MT, Customs Cleared Basis)							
Marketing Year	From World			From the U. S.			U. S. Share
	Feed	Food	Total	Feed	Food	Total	%
93/94	4,049	1,647	5,696	199	181	380	7
94/95	6,463	1,760	8,223	6,192	1,420	7,612	93
95/96	7,166	1,797	8,963	6,855	1,699	8,554	95
96/97	6,455	1,881	8,336	3,869	1,629	5,498	66
97/98	5,755	1,773	7,528	1,610	1,699	3,309	44
98/99	5,593	1,921	7,514	4,543	1,891	6,434	86
99/00	6,618	2,060	8,678	1,610	1,620	3,230	37
00/01	6,568	2,155	8,723	2,169	1,120	3,289	38
01/02	6,474	2,128	8,602	1,487	111	1,598	19
02/03	6,657	2,137	8,794	306	24	330	4
03/04	6,659	2,117	8,776	2,921	336	3,257	37
04/05	6,739	1,895	8,634	2,303	190	2,493	29
05/06	6,507	1,975	8,482	4,813	561	5,374	63
06/07	6,860	1,871	8,731	4,036	150	4,186	48
07/08	7,680	1,629	9,309	7,259	1,077	8,336	90
08/09	5,781	1,431	7,212	4,883	921	5,804	80
09/10	6,457	2,003	8,460	6,097	1,407	7,504	89
10/11	6,060	2,047	8,107	5,183	1,133	6,316	78
11/12	5,600	2,035	7,635	3,450	307	3,757	49
12/13	6,230	1,944	8,174	341	115	456	6
13/14	8,319	2,086	10,405	3,769	842	4,611	44

Source: FAS Seoul

Korea: Total Corn Utilization (Oct./Sept., 1,000 MT)				
Marketing Year	Feed	Processing a/	Food b/	Total
1998/99	5,560	1,886	80	7,526
1999/00	6,541	2,004	79	8,624
2000/01	6,460	2,092	64	8,616
2001/02	6,584	2,094	57	8,735
2002/03	6,569	2,145	68	8,782
2003/04	6,614	2,057	51	8,722
2004/05	6,619	1,966	81	8,666
2005/06	6,510	1,996	73	8,579

2006/07	6,897	1,856	63	8,833
2007/08	7,046	1,495	92	8,633
2008/09	6,368	1,418	108	7,894
2009/10	6,362	1,928	92	8,382
2010/11	6,074	2,051	89	8,214
2011/12	5,690	2,036	89	7,815
2012/13	6,483	1,900	98	8,481
2013/14	7,762	2,034	95	9,891

Source: Korea Feed Association (KFA), Korea Corn Processing Industry Association (KOCPIA)

a/ Used for wet and dry milling process based on imported corn.

b/ For on-farm human consumption (on-the-cob) or snack food consumed on-the-cob, as puffed kernels or as corn tea. Imported white corn for popping has been included since MY 2004.

Korea: Processing Corn Consumption (Oct./Sept., 1,000 MT)			
Marketing Year	Wet Milling	Dry Milling	Total
1998/99	1,670	216	1,886
1999/00	1,783	221	2,004
2000/01	1,880	204	2,092
2001/02	1,911	181	2,092
2002/03	1,929	180	2,109
2003/04	1,892	165	2,057
2004/05	1,837	129	1,966
2005/06	1,896	100	1,996
2006/07	1,752	105	1,857
2007/08	1,405	90	1,495
2008/09	1,343	74	1,417
2009/10	1,864	76	1,940
2010/11	1,979	72	2,051
2011/12	1,969	67	2,036
2012/13	1,832	68	1,900
2013/14	1,963	71	2,034

Source: Korea Corn Processing Industry Association (KOCPIA)

Korea: Animal Inventory (1,000 Head, 1,000 Birds, as of Mar. 2015)					
Animal	Year	March	June	September	December
Beef Cattle	2011	2,881	3,053	3,044	2,950
	2012	2,940	3,109	3,143	3,059
	2013	2,966	3,064	3,043	2,918
	2014	2,811	2,879	2,820	2,759
	2015	2,707c/	2,739c/	na	2,680d/
Dairy Cattle	2011	396	403	404	404
	2012	404	410	417	420
	2013	420	419	422	424
	2014	428	424	429	431
	2015	429-431c/	428-430c/	na	425d/
Swine	2011	7,036	7,330	7,783	8,171
	2012	8,852	9,432	9,937	9,916
	2013	10,107	10,181	10,188	9,912

	2014	9,698	9,680	9,966	10,090
	2015	9,800-10,000c/	9,900-10100c/	na	10,492d/
Layer a/	2010	62,524	61,586	60,095	61,700
	2011	61,025	60,723	61,212	62,425
	2012	63,200	61,953	61,326	61,344
	2013	62,340	60,610	62,674	64,824
	2014	64,572	62,851	65,263	67,674
	2015	68,400c/	na	na	na
Broiler b/	2010	72,692	101,690	71,271	77,871
	2011	69,932	110,122	71,038	76,435
	2012	69,387	97,750	68,540	76,130
	2013	71,938	95,898	64,505	76,487
	2014	77,879	103,593	75,846	77,746
	2015	73,750	na	na	na

Source: Korea Statistics (KOSTAT) and Korea Rural Economic Institute (KREI)

a/ Excluding breeders.

b/ Excluding multi-use broilers

c/ KREI forecast

d/ FAS Seoul forecast

Korea: Feed Ingredients Use for MY2011-MY2012 (1,000 MT, October/September)						
INGREDIENT	MY2012/2013			MY2013/2014		
	TOTAL	DOM ^{1/}	%	TOTAL	DOM ^{1/}	%
GRAINS:						
CORN	6,483	-	34.3	7,762	-	41.2
SORGHUM	-	-	-	-	-	-
WHEAT	2,710	-	14.4	1,633	-	8.7
BARLEY	31	3	0.2	28	2	0.1
RYE	1	1	-	0	0	-
OATS	2	1	-	3	1	-
GSP/BROKEN GRAIN	88	85	0.5	88	88	0.5
TAPIOCA	383	-	2.0	284	-	1.5
LUPIN SEED	143	13	0.8	131	6	0.7
OTHERS	182	177	1.0	173	167	0.9
SUB TOTAL	10,023	280	53.1	10,102	264	53.6
GRAIN BY-PRODUCTS:						
WHEAT BRAN	611	392	3.2	599	393	3.2
RICE BRAN	205	205	1.1	187	187	1.0
BARLEY BRAN	-	-	-	-	-	-
CORN BRAN	1	1	-	2	2	-
GLUTEN FEED	972	428	5.1	848	374	4.5
OTHERS	373	277	2.0	342	266	1.8
SUB TOTAL	2,162	1,303	11.4	1,978	1,222	10.5
ANIMAL PROTEIN:						
FISH MEAL	22	16	0.1	18	12	0.1
MEAT & BONE MEAL	20	20	0.1	22	21	0.1
OTHERS	140	137	0.7	146	143	0.8
SUB TOTAL	182	173	1.0	186	176	1.0
VEGETABLE PROTEIN:						
SOYBEAN MEAL	1,986	445	10.5	2,079	411	11.0

RAPESEED MEAL	412	7	2.2	530	6	2.8	
SESAMESEED MEAL	23	23	0.1	23	23	0.1	
PERILLA SEED MEAL	3	3	-	3	3	-	
CORN GLUTEN MEAL	83	78	0.4	81	73	0.4	
DDGS	457	135	2.4	536	158	2.8	
COTTONSEED MEAL	7	1	-	1	0	-	
PARM KERNEL MEAL	782	18	4.1	760	8	4.0	
COPRA MEAL	602	5	3.2	399	2	2.1	
OTHERS	268	191	1.4	262	216	1.4	
SUB TOTAL	4,623	906	24.5	4,674	900	24.8	
ADDITIVES/MINERALS:							
CALCIUM PHOSPHATE	69	53	0.4	67	54	0.4	
LIMESTONE	471	471	2.5	480	480	2.5	
SALT	69	68	0.4	67	67	0.4	
OTHER	282	281	1.5	291	289	1.5	
SUB TOTAL	891	873	4.7	905	890	4.8	
OTHER INGREDIENTS:							
TALLOW	320	305	1.7	316	312	1.7	
MOLASSES	476	390	2.5	461	383	2.4	
UREA	1	1	-	2	2	-	
OTHER	205	181	1.1	214	192	1.1	
SUB TOTAL	1,002	877	5.3	993	889	5.3	
GRAND TOTAL	18,883	4,412	100.0	18,838	4,341	100.0	

Source: Korea Feed Association (KFA)

1/ Domestic Products

Commodities:

Rice, Milled

Production:

MY 2015/16 rice production is forecast to remain around 4 million metric tons (MMT) – down 6 percent from 4.24 MMT in 2014/15 – based on five year average yield. According to a recent Korea Rural Economic Institute (KREI) survey of rice farmers from December 26, 2014 - January 2, 2015, planted area is expected to decline to 801,000 HA, down about 1.8 percent from last year. However, high yield varieties will almost offset the lower acreage planted. Information about the 2014 rice crop is available in KS 1444 ([2014 Rice Production Update](#)).

Yield

Rice farmers prefer planting high yield varieties to maximize returns. Consequently, increased yields are expected to offset the effects of declining paddy land. The KREI forecasts rice average yields ranging from 493Kg/10a to 509Kg/10a depending on weather conditions.

KREI forecasts for the 2015 crop and Ministry of Agriculture, Food and Rural Affairs (MAFRA) historical data are shown in the following tables.

Korea: 2014 Rice Production Forecast		
	2014 Rice Production	2015 Rice Production Forecast
Area (1,000 HA)	816	801

Yield (Kg/10a)	520	493-509
Production (1,000MT)	4,241	3,940-4,070

Source: Korea Rural Economic Institute (KREI)

Korea: Rice Area, Yield and Production			
Crop Year	Area (1,00HA)	Yield (KG/10A)	Production (Milled, 1,000 MT)
2002 a/	1,053	471	4,927
2003 b/	1,016	441	4,451
2004	1,001	504	5,000
2005	980	490	4,768
2006	955	489	4,680
2007	950	464	4,408
2008	936	518	4,843
2009	925	532	4,916
2010	892	482	4,295
2011	854	495	4,224
2012	849	472	4,006
2013	833	508	4,230
2014	816	520	4,241
2015d/	801	500c/	4,000

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ Heavy rains during the summer and the effects of typhoon Rusa (Aug 31 – Sep 1)

b/ Cool and rainy days during the growing season and the effects of typhoon Maemi (Sep 9 - 12).

c/ past five year average

d/ FAS/Seoul forecast

Production Policy:

Rice farmers receive two types of income support payments under the Rice Income Compensation Act (RICA), an area payment and a deficiency payment. In CY 2014, combined support payments of 948 billion Korean Won (USD 901 million) were received from both direct payment systems. It was the first time in four years to make a deficiency payment to farmers. An explanation of how these payments are calculated follows.

Area Payment: This payment is made on a ‘per hectare’ basis and is calculated using the average area of rice production during the base period 1998-2000. The 2014 area payment was at 900,000 won (USD 856) on average per hectare. Paddy area covered under this support program declined to 835,000 hectare, down 2.3 percent from the previous year. The National Assembly and Korean government have also agreed to raise the area payment for the 2015 crop and beyond to one million Korean Won (USD 951) per hectare.

Deficiency Payment: The deficiency payment is 85 percent of the difference between the national-average market price during the 2014 harvest season (2014 Oct.-2015 Jan.) and the 2014 target price, less the area payment.

In CY 2014, the deficiency payment amounted to 192 billion Korean Won (USD182 million) since the difference between the average harvest price of 2,078 Won (USD 1.98) per kilogram (milled) and the target price of 2,350 Won (USD 2.23) per kilogram (milled) was enough to create a deficiency payment. The weighted averaged area payment of 905,389 Won per hectare is converted to a kilogram equivalent (179 Won/Kg) by dividing it by the 1999-2003 Olympic average yields*, which was increased to 5,040 MT per hectare from the previous 4,880 MT in CY 2012.

Due to lower farm gate prices target price during the harvest season, farmers received deficiency payments in CY 2014. The deficiency payment calculation is shown as below.

$[(\text{Target Price W/kg} - \text{Average Harvest Price W/kg}) \times .85] - \text{Area Payment per HA} / \text{Avg. National Yield per HA}$

$[W 2,350 - W 2,078] \times .85] - W 800,919/5,040 \text{ MT} = W 53 \text{ per kilogram}$

Note: *Olympic average yields: an average during a 5-year period, dropping the highest and lowest values.

Government Rice Purchase Program under the Public Food Grain Stockholding Program (PFSP):

The government purchases rice to ensure food security and price stability. Under the Public Food Grain Stockholding Program (PFSP), the Korean government procures domestic paddy rice during the harvest season (October-December) at the average market price and later sells it during the non-harvest periods at the prevailing domestic market price. For October - December 2014, the Korean government purchased 533,000 MT (milled basis) of paddy rice which included additional purchases of 180,000 MT to stabilize harvest pressure caused by another bump crop, or 13 percent of the 2014 rice production under PFSP. The government procurements almost achieved the initial target of 550,000 MT, paying high enough prices to farmers thanks to bullish market trends under the program. The Korean government pledged to purchase 60,000 MT in addition to 533,000 MT, propping up farm gate prices.

Additionally, the government purchased 30,000 tons for the APTERR (ASEAN Plus Three Emergency Rice Reserve), which was established to provide member countries with rice in the event of natural disasters. The total amount of rice agreed upon in July 2013 by the 13 member countries and stored in reserve was 787,000 metric tons, including 150,000 metric tons promised by Korea.

Rice Millers Purchase:

Rice Processing Complexes (RPC), Korean rice millers, has purchased two million tons (milled basis) of paddy rice under the National Agricultural Cooperative Federation (NACF) loan program to rice millers at a free loan rate during the harvest season. NACF member RPCs purchased 1.6 million tons and independent RPCs 0.4 million tons. The Korean government also supports rice millers to purchase paddy rice under an incentive loan program at a loan rate ranging from zero to two percent according to RPCs evaluation based on government guidelines.

Korea: Direct Payment Program for Rice Income Compensation							
Year	Area Payment (A)			Deficiency Payment (B)			Total (Billion Won) (A)+(B)
	Area (1,000 HA) ^{1/}	Payment (Won/HA)	Total (Billion Won)	Production (1,000 MT) ^{2/}	Payment (Won/Kg)	Total (Billion Won)	
2005	1,007	600,000	604.2	4,586	196.4	900.6	1,504.8
2006	1,024	700,000	716.8	4,637	94.2	437.1	1,153.9
2007	1,018	700,000	712.6	4,553	61.3	279.3	991.9
2008	1,014	700,000	709.8	4,499	none	0	709.8
2009	894	703,696	629.1	3,977	150.4	598.2	1,227.3
2010	885	703,163	622.3	3,850	194.9	750.4	1,372.7
2011	883	699,200	617.4	na	none	0	617.4
2012	866	704,503	610.1	na	none	0	610.1
2013	855	800,919	684.8	na	none	0	684.8
2014	835	905,389	756.0	3,632	52.8	191.8	947.8

Source: FAS/Seoul estimate based on MAFRA data

1/ Those eligible for payment include farmers, farming union corporations, agricultural corporations, or anyone producing rice on a minimum of 0.1 HA of farmland between Jan 1, 1998 and Dec 31, 2000.

2/ based on the Olympic average rice yield is 4,880 Kg per hectare for 1999-2003 and actual cultivated area registered under the program. The applicable rice yield has been revised up to 5,040Kg per hectare since 2012.

Korea: Government Rice Purchases under Public Food Grain Stockholding Program (PFSP)			
Crop Year	Production(1,000 MT)	Purchase(1,000 MT)	%
2005	4,768	719	15.1
2006	4,680	504	10.8
2007	4,408	417	9.5

2008	4,843	400	8.3
2009	4,916	370	7.5
2010	4,295	340	7.9
2011	4,224	261	6.2
2012	4,006	363	9.1
2013	4,230	367	8.7
2014	4,241	533 ^{a/}	12.6

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ include 180,000 MT to stabilize rice market in addition to 370,000 MT under PFSP, but exclude 30,000 MT for APTERR (ASEAN Plus Three Emergency Rice Reserve)

Korea: NACF Rice Purchases ^{a/}			
Crop Year	Production(1,000 MT)	Purchase(1,000 MT)	%
2005	4,768	1,071	22
2006	4,680	1,306	28
2007	4,408	1,227	28
2008	4,843	1,617	33
2009	4,916	1,950	40
2010	4,295	1,380	32
2011	4,224	1,327	31
2012	4,006	1,331	33
2013	4,230	1,465	35
2014	4,241	1,649	39

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ exclude independent RPC purchases

Consumption:

MY 2015/16 consumption is forecast at 4.4 million tons, slightly down 4 percent from the estimates of the current marketing year. Imported rice constitutes about 9 percent of total consumption.

Korean consumers prefer short grain table rice and 79 percent of domestic production (all short grain) was consumed as table rice in MY 2013/14. Per capita table rice consumption continues to decline as eating habits change due to rising incomes and the growing popularity of Western foods. Annual per capita table rice consumption reached its peak at 136.4 Kg in 1970 and has gradually declined to 65.1 Kg in MY 2013/14 according to preliminary government statistics. FAS/Seoul forecasts per capita table rice consumption at 62.7 Kg in MY 2015/16 based on declining consumption trends for table rice.

Although processing accounts for only about 12 percent of total rice domestic consumption, consumption of rice for food processing has maintained growth in the past few years. However, in MY 2014/15, Korea's food processing industry is expected to remain stagnant at 460,000 tons of rice (milled), while liquor processing is volatile due to consumption of rancid rice in old stocks.

Korea: Rice Utilization Pattern (1,000 MT, milled)				
Rice Year (Nov. - Oct.)	MY 2012/13 ^{a/}	MY 2013/14 ^{b/}	MY 2014/15 ^{c/}	MY 2015/16 ^{d/}
Table Rice	3,435	3,340	3,280	3,220
Processing	526	535	550	600
(for food)	(470)	(457)	(460)	(460)
(for liquor)	(56)	(78)	(90)	(140)
Seed	36	35	35	35
Other and Loss	494	512	583	500
Total Demand	4,491	4,422	4,448	4,355
Per Capita Table Rice Consumption (Kg)	67.2	65.1	63.9	62.7

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ Revised b/ Preliminary c/ Forecast d/ FAS/Seoul forecast

Korea: Processing Rice Consumption Pattern (1,000 MT, milled)				
Purpose	MY 2010/11	MY 2011/12	MY 2012/13 ^{a/}	MY 2013/14 ^{b/}
KRFA	234	248	246	227
KALIA	244	148	56	78
Others c/	166	170	224	238
Total	644	566	526	535

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ MAFRA Revised

b/ MAFRA Preliminary

c/ traditional foods or beverage made of local rice.

Note: Korea Rice Foodstuffs Association (KRFA), Korea Alcohol & Liquor Industry Association (KALIA)

Korea: Rice Supply for Processing Purposes to KRFA Members (Metric Ton, Milled)			
Calendar Year	Local Rice	Imported Rice	Total
1996	130,632	3,000	133,632
1997	30,171	57,957	88,128
1998	933	77,259	78,192
1999	0	74,214	74,214
2000	0	67,112	67,112
2001	0	66,850	66,850
2002	79	73,884	73,963
2003	306	84,851	85,157
2004	249	91,624	91,873
2005	215	96,020	96,235
2006	67	97,250	97,317
2007	210	101,064	101,274
2008	572	109,552	110,124
2009	806	131,344	132,150
2010	24,887	154,821	179,708
2011	125,910	108,215	234,125
2012	147,462	100,249	247,711
2013	118,344	127,544	245,888
2014	63,654	162,893	226,547

Source: Korea Rice Foodstuffs Association (KRFA)

Korea: CY 2014 Rice Supply for Processing Purposes to KRFA Members (Metric Ton, Milled)		
Item	Quantity	Ratio (%)
Cake/Noodle	89,538	40
Alcohol	43,596	19
Flour	68,870	30
Seasoning/Sweetness	4,515	2
Confectionary	11,066	5
Others	8,962	4
Total	226,547	100

Source: Korea Rice Foodstuffs Association (KRFA)

Trade:

The Korean government submitted a draft containing modifications and rectifications to “Schedule LX - Republic of Korea” to the WTO on September 30, 2014, which allowed Korea to implement ordinary customs duties on rice beginning January 1, 2015. However, five countries reserved their positions with respect to the proposed rectification and modification of the Republic of Korea’s tariff schedule concerning rice market access. Korea is expected to engage in bilateral discussions with the concerned countries for settlement of the issue.

As agreed to during the special treatment under the Minimum Market Access agreement (MMA) which ended on December 31, 2014, Korea will continue to import the mandatory import volume of 408,700 metric tons from Most Favored Nation (MFN) countries at the current duty level of 5 percent under the tariff rate quota (TRQ) regime in 2015 and beyond. Korea deleted provisions about usage purpose, such as the ratio of table rice (30 percent), guaranteed access to the domestic market, etc. Please refer to GAIN report [Korean Governments Press Release of Rice Tariffication \(KS1443\)](#)

Imports:

MY 2015/16 rice imports are forecast at about 410,000 tons (milled). Korea is forecast to continue purchasing 408,700 tons (milled) of rice under Most Favored Nation (MFN) quota allocations.

In MY 2014/15, rice imports are expected at 560,000 metric tons consisting of 220,000 MT imported under the 2014 MMA and the remainder of the volume expected to be delivered under the 2015 Tariff Rate Quota (TRQ). U.S. rice exports are expected to stay around 150,000 metric tons, including 34,000 metric tons contracted under the 2014 MMA and an expected volume to be contracted under the 2015 TRQ purchasing plan released by the Korean government.

In MY 2013/14, Korea’s rice imports were at 313,419 MT, consisting of 122,574 MT imported under the 2013 MMA quota and 190,845 MT imported under the 2014 MMA quota, respectively. In CY 2014, U.S. exports to Korea amounted to 37,662 MT, which is composed of 11,700 MT imported under the 2013 MMA quota and 25,962 MT imported under the 2014 MMA quota, respectively.

2015 TRQ Purchasing plan:

Under the 2015 Tariff Rate Quota (TRQ) purchasing plan, Korea will purchase 408,700 MT of rice (milled basis) as rice tariffication took effect on January 1, 2015.

Purchasing Schedule: January – October 2015 (in principle, purchase bidding will be held once or twice per month, but is adjustable as needed).

Delivery shall be completed by December 31st 2015.

Bidding method: Public open tender (Details of bidding requirements such as quantities, varieties and grades will be released by individual bidding invitation)

2015 TRQ Tendering Process:

Under the 2015 TRQ thus far, Korea has bought 112,897 MT of brown rice for processing purposes (equivalent to 101,607 MT on milled basis), or 26 percent of the total 2015 TRQ, consisting of 27,000 MT of medium grain brown rice (24,300 MT on milled basis) from the United States, 55,897 MT of short grain brown rice (50,307 MT on milled basis) from China and 30,000 MT of long grain brown rice (27,000 MT on milled basis) from Vietnam, respectively.

Korea: 2015 MMA Rice Tender Results (as of March 30, 2015)									
Bid Date (mm-dd-yy)	Rice Type	Volume (Contract Basis)	Volume (Milled Rice Basis)	Origin	Price (US\$/MT)	Terms and Conditions	delivery Due	Agent	Supplier
1/28/2015	MG #3 Brown	5,000	4,500	USA	786.00	CIP	20150531	Seo-Mok	ADM
1/28/2015	LG #3 Brown	15,000	13,500	Vietnam	442.00	CIP	20150430	Daewoo	Vinafood1
1/28/2015	LG #3	15,000	13,500	Vietnam	449.60	CIP	20150630	Daewoo	Vinafood1

	Brown								
2/26/2015	SG #3 Brown	22,000	19,800	China	870.00	CIP	20150531	Daewoo	COFCO
2/26/2015	MG #3 Brown	22,000	19,800	USA	856.00	CIP	20150531	Seo-Mok	ADM
3/24/2015	SG #3 Brown	12,000	10,800	China	879.85	CIP	20150630	Singsong	Jilin Grain
3/24/2015	SG #3 Brown	10,000	9,000	China	879.95	CIP	20150630	Singsong	Jilin Grain
3/24/2015	SG #3 Brown	11,897	10,707	China	890.00	CIP	20150930	Daewoo	COFCO
	Total	112,897	101,607						

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

2014 MMA Tendering Results:

Korea purchased a total of 408,700 metric tons (MT) of rice (milled basis) from the United States, China, Thailand, Australia, Vietnam and India. The U.S. share was 15 percent, half of the previous year due to less competitive pricing caused by drought in California, with contracts totaling 60,067 MT (milled) worth US\$ 62 million. U.S. contracts of 17,299 MT were brown rice (equivalent to 15,569 MT on milled basis) for food processing purpose, while the remaining 44,507 MT was milled rice for table purpose. Please refer to GAIN report Grain and Feed Update ([2014 MMA Rice Tender Results](#)) for more details.

Auctions:

Korea Agro-Fisheries & Food Trade Corporation (aT) sells table rice shipments through a public auction system, while the Ministry of Agriculture, Food and Rural Affairs (MAFRA) distributes processing rice to end-users such as food processors and alcoholic beverage producers at a set price throughout the year.

In response to increased consumer confidence in U.S. medium grain milled rice, aT started selling U.S. medium grain rice of both USDA No. 1 and USDA No. 3 grades under the 2013 MMA around July 2013, completely selling out of USDA No. 3 U.S. Medium grain milled rice of 6,229 metric tons on October 13, 2014 and USDA No. 1 U.S. Medium grain milled rice of 61,188 metric tons on December 24, 2014, respectively. aT expected to begin selling U.S. milled rice imported under the 2014 MMA in January 2015 as an initial cargo of 4,451 metric tons of USDA No. 3 grade arrived in Korea at the end of 2014. However, West Coast port disruptions caused the selling auctions of U.S. medium grain to delay until early February 2015.

Progress in auctioning rice of other origins has been comparably slower than U.S. rice. Selling auctions for Chinese milled rice are still pending at 4 percent for USDA No. 1 grade under the 2014 MMA with Thai milled rice ongoing at 58 percent for USDA No. 1 under the 2013 MMA, respectively.

Korea: Status of Rice Auction for Table Rice under 2014 CSQ (Unit: metric tons, milled basis, as of March 23, 2015)					
Commodity	USDA Grade	Total Table Rice CSQ	Auctioned Off	Balance	Auctioned Off (%)
U.S. Medium Grain	#1	40,056	2,013	38,043	5
	#3	4,451	3,216	1,235	72
Chinese Short Grain	#1	47,965	1,680	46,285	4
	#3	21,433	0	21,433	0
Australian Medium Grain	#1	2,697	0	2,697	0
	#3	2,698	0	2,698	0
Thai Long Grain	#1	3,220	0	3,220	0
Thai Jasmine Rice	#1	90	0	90	0
Total		122,610	6,909	115,701	6

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

Korea: Status of Rice Auction for Table Rice under 2013 CSQ (Unit: metric tons, milled basis, as of March 18, 2015)					
Commodity	USDA Grade	Total Table Rice CSQ	Auctioned Off	Balance	Auctioned Off (%)
U.S. Medium Grain	#1	61,188	61,188	0	100 (as pf Dec. 24 2014)
	#3	6,229	6,229	0	100 (as of Oct. 13, 2014)
Chinese Short Grain	#1	24,507	24,504	3	100(as of Feb 27, 2015)
	#3	21,435	21,435	0	100(as of Feb 11, 2015)
Thai Long Grain	#1	3,056	1,778	1,278	58
Thai Jasmine Rice	#1	90	90	0	100(as of Oct. 31, 2014)
Total		116,505	115,224	1,281	99

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

Korea: Auctioned-Off Prices of Imported Table Rice (Unit: Korean Won per Kg on Average)							
Auctioning-off Period	U.S. Medium Grain		Chinese Short Grain (Medium Grain)		Thai Long Grain	Australian Medium Grain	
	#1	#3	#1	#3	#1	#1	#3
April-September 2006 (2005 MMA)	1,138	991	1,274	1,133	555	none	none
March-August 2007 (2006 MMA)	1,363	1,211	1,357	1,303	953	none	none
February-August 2008 (2007 MMA)	1,542	1,510	1,487	1,558	1,132	none	none
February 2009 -May 2010 (2008 MMA)	1,160	994	1,125 (1,100)	none	1,329	none	none
February 2010-March 2011 (2009 MMA)	970	881	914 (850)	893	672	none	none
April 2011-January 2012 (2010 MMA)	913	1,074 ^{a/}	707	612	518	none	none
December 2011- October 8, 2013 (2011MMA)	1,258	1,452	1,297	1,501	(802 ^{c/}) 944	none	none
August 2012-September 24, 2014 (2012 MMA)	1,677	1,634	1,378	1,374	903	1,299	1,128
July 2013- March 18, 2015 (2013 MMA)	1,594	1,573	1,284	1,318	903 ^{b/}	none	none
December 2014- March 13, 2015 (2014 MMA)	1,519 ^{b/}	1,505 ^{b/}	1,330 ^{b/}	na	na	na	na

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

a/ Auctioned-off during October-December 2011

b/ ongoing

c/ #3

Exports:

Korea has exported a negligible amount of rice to other countries. In CY 2014, Korea exported 1,684 MT of milled rice with Australia importing 693 MT, or 41 percent of total rice imports, followed by 41 other countries. The U.S. imported 123 MT of Korean rice for the period. As of March 11, 2015, Korea revised relevant regulations to allow rice export without restrictions as the Korean rice market was liberalized on January 2015. Rice exports had been subject to the Agricultural Minister's recommendation prior to rice market liberalization.

Korea: Rice Export (Milled)		
Calendar Year	To the World	To the United States

	Quantity (MT)	Value (US\$1,000)	Quantity (MT)	Value (US\$1,000)
2005	18	89	5	5
2006	9	40	0.2	1
2007	507	1,322	333	876
2008	356	829	115	285
2009	4,183	7,300	443	777
2010	3,765	6,394	272	587
2011	3,782	6,277	161	244
2012	2,223	4,424	90	185
2013	1,517	3,363	86	180
2014	1,684	3,894	123	303

Source: Korea Customs Service (KCS)

Stocks:

MY 2014/15 ending stocks (at the end of October 2015) are expected to increase to about 1.25 million tons or 28 percent of total consumption due to consecutive bump crops. MY 2015/16 stocks (at the end of October 2016) are forecast at 1.3million tons or 30 percent of total domestic consumption.

Korea: Status of Rice Stocks						
(Milled rice, 1,000 MT, as of end October)						
Rice Year (Nov.-Oct.)	2010/11	2011/12	2012/13a/	2013/14b/	2014/15c/	2015/16c/
Total	1,034	730	780	899	1,250	1,303
Government Stock	984	730	780	899	1,250	1,303
-Domestic Rice	696	462	na	na	na	na
-Imported Rice	288	268	na	na	na	na
Civil Stock	50	0	0	0	0	0

Source: FAS/Seoul Estimate based on MAFRA data – starting 2007/08 there has been difference between Post & FAS estimates

a/ MAFRA Preliminary

b/ FAS/Seoul Preliminary

c/ FAS/Seoul forecast

Production, Supply and Demand Data Statistics:

Rice PS&D

Rice, Milled	2013/2014		2014/2015		2015/2016	
Market Begin Year	Nov 2013		Nov 2014		Nov 2015	
Korea, South	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	833	833	816	816	0	801
Beginning Stocks	780	780	861	899	0	1,250
Milled Production	4,230	4,230	4,241	4,241	0	4,000
Rough Production	5,632	5,632	5,638	5,638	0	5,318
Milling Rate (.9999)	7,511	7,511	7,522	7,522	0	7,522
MY Imports	313	313	410	560	0	410
TY Imports	372	379	450	470	0	410
TY Imp. from U.S.	33	38	0	150	0	120
Total Supply	5,323	5,323	5,512	5,700	0	5,660
MY Exports	2	2	2	2	0	2
TY Exports	2	2	2	2	0	2
Consumption and Residual	4,460	4,422	4,450	4,448	0	4,355
Ending Stocks	861	899	1,060	1,250	0	1,303
Total Distribution	5,323	5,323	5,512	5,700	0	5,660

1000 HA, 1000 MT, MT/HA

RICE -- STATISTICAL TABLES

Korea: Import Trade Matrix of Rice			
Country	Korea, Republic of		
Commodity	Rice, Milled		
Time Period	Jan/Dec	Units:	1,000MT
Imports for:	2013		2014
U.S.	191	U.S.	38
Others		Others	
China	307	China	193
Thailand	33	Thailand	71
Australia	27	Australia	25
Myanmar	3	Vietnam	43
Vietnam	1	India	9
India	7		
Indonesia	11		
Total for Others	389		341
Others not Listed	0		0
Grand Total	580		379

Korea: Monthly Wholesale Price of Milled Rice (High Quality)						
Month\Year	CY 2013		CY 2014		CY 2015	
	Won/Kg	USD/Kg	Won/Kg	USD/Kg	Won/Kg	USD/Kg
January	2,200	2.07	2,180	2.05	2,070	1.90
February	2,200	2.03	2,180	2.03	2,069	1.88
March	2,204	2.00	2,180	2.04	2,048	1.87
April	2,210	1.97	2,169	2.08	na	na
May	2,213	2.00	2,137	2.09	na	na
June	2,220	1.96	2,130	2.09	na	na
July	2,220	1.97	2,130	2.09	na	na
August	2,220	1.99	2,130	2.08	na	na
September	2,220	2.05	2,215	2.06	na	na
October	2,222	2.09	2,076	1.96	na	na
November	2,183	2.15	2,088	1.91	na	na
December	2,180	2.06	2,073	1.88	na	na
Average	2,208	2.02	2,133	2.03	na	na

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Korea: Monthly Retail Price of Milled Rice (High Quality)						
Month\Year	CY 2013		CY 2014		CY 2015	
	Won/Kg	USD/Kg	Won/Kg	USD/Kg	Won/Kg	USD/Kg
January	2,311	2.17	2,321	2.18	2,277	2.09

February	2,325	2.14	2,323	2.17	2,263	2.06
March	2,329	2.12	2,307	2.16	2,256	2.05
April	2,341	2.09	2,293	2.20	na	na
May	2,331	2.10	2,289	2.24	na	na
June	2,340	2.06	2,275	2.23	na	na
July	2,334	2.07	2,245	2.20	na	na
August	2,341	2.10	2,236	2.18	na	na
September	2,340	2.16	2,262	2.19	na	na
October	2,343	2.20	2,320	2.19	na	na
November	2,346	2.31	2,301	2.10	na	na
December	2,336	2.21	2,283	2.07	na	na
Average	2,335	2.13	2,288	2.17	na	na

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Korea: Foreign Exchange Rate (Korean Won against USD)			
Month	CY 2013	CY 2014	CY 2015
January	1,065	1,065	1,087
February	1,086	1,072	1,099
March	1,102	1,070	1,098 ^{a/}
April	1,121	1,044	na
May	1,109	1,024	na
June	1,135	1,019	na
July	1,126	1,020	na
August	1,116	1,025	na
September	1,084	1,034	na
October	1,065	1,059	na
November	1,016	1,095	na
December	1,056	1,102	na
Average	1,094	1,052	na

Source: Global Financial Service

a/ Mar. 1-12, 2015