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**Date:** 4/17/2012

**GAIN Report Number:** KS1230

## **Korea - Republic of**

## **Grain and Feed Annual**

## **2012 Annual**

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**Report Highlights:**

MY 2012/13 wheat imports are projected at 4.6 million tons, down roughly 15 percent from the current marketing year, of which 2.4 million tons are for milling (including wheat and pasta on a wheat equivalent basis) and 2.2 million tons for feed. 2012/13 corn consumption is forecast to stay around 8.1 million MT, up 0.4 million metric tons for the current marketing year estimate due to an anticipated increase in demand for feed corn as Korea's swine industry continues to recover to pre-FMD levels. As of March 15, under the KORUS FTA, U.S. wheat and feed corn imports are entering at zero duty. Conversely, the duty-free quota for corn for processing will grow each year with tariffs being completely phased out by 2019. MY 2012/13 rice production is forecast to stay around 4.2 million tons – down 0.5 percent from 4.224 MMT in 2011/12 - due to lower planting intentions.

## Commodities:

### Wheat

#### Production:

MY 2012/13 wheat production is forecast to stay around 45,000 tons because of the sluggish demand for domestically grown milling wheat and unsold ending stocks. The government is encouraging wheat production by providing loan assistance to finance purchases of domestic milling wheat. Also, the government is providing assistance to local wheat producers for sufficient drying and storing facilities. However, weak end-user demand has led to increasing stocks.

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
2010a/	12,548	3.12	39,116
2011b/	13,044	3.40	44,000

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MFAFF), Statistics Korea (KOSTAT)

a/ preliminary

b/ FAS/Seoul forecast; yield is based on government project and five year average.

#### Consumption:

MY 2012/13 wheat consumption is forecast at 4.9 million tons, a decrease of nearly 200,000 tons from the current marketing year due to the anticipated decrease in the available limited supplies of competitively priced feed wheat.

MY 2012/13 milling wheat consumption including flour and pasta imports on a wheat basis is forecast at 2.4 million tons, remaining unchanged from the current marketing year.

In MY 2011/12, total wheat consumption is expected to reach 5.1 million tons, an increase of 700,000 tons from the previous forecast due to greater demand for feed grain. Feed millers are substituting corn with competitively price feed grade wheat. Milling wheat consumption is expected to be 2.4 million tons, remaining unchanged from the previous forecast.

CY 2011 per capita flour consumption increased to 33.4 kilograms, reaching per capita consumption levels not seen since prior to 2008. Since then, Korea's wheat flour consumption has been hit by strong global wheat prices. Nearly 44.0 percent of flour consumption is used for local noodle manufacturing, followed by 14.5 percent for baking products and 8.2 percent for confectionary products. The remainder is used by the following - restaurants (8.1 percent), households (6.9 percent), pet food (5.1 percent), Exports (3.8 percent), soy sauce (4.6 percent), brewery (1.1 percent), extruded traditional chewy cakes (0.7 percent), industrial use (0.8 percent) and others (2.2 percent). Some flour is also exported, mostly to Japan.

Korea: Post Estimates of Domestic Wheat Use (1,000 MT, July/June)				
Year	2008/09	2009/10	2010/11	2011/12 <sup>a/</sup>
Imported Milling Wheat	2,041	2,136	2,312	2,250

Flour Imports <sup>b/</sup>	69	127	63	50
Flour Exports <sup>b/</sup>	56	59	64	60
Pasta Imports <sup>b/</sup>	105	119	123	123
Local Wheat	10	26	39	44
<b>FSI Consumption <sup>c/</sup></b>	<b>2,169</b>	<b>2,349</b>	<b>2,473</b>	<b>2,407</b>
Feed Wheat	942	2,172	1,965	2,700
<b>Total Consumption</b>	<b>3,111</b>	<b>4,521</b>	<b>4,438</b>	<b>5,107</b>

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

a/ FAS/Seoul forecast based on the first eight months data of the current marketing year.

b/ Wheat basis

c/ include wheat flour and pasta imports but exclude flour export

<b>Korea: Wheat Flour Utilization</b> (1,000 MT)						
Calendar Year	2006	2007	2008	2009	2010	2011
Total Consumption <sup>1/</sup>	1,772	1,740	1,618	1,615	1,610	1,634
Per Capita (Kg/Year) <sup>2/</sup>	33.9	33.7	31.3	31.4	32.9	33.4

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 2012/13 wheat imports are projected at 4.6 million tons, of which 2.4 million tons are for milling (including flour and pasta imports on a wheat equivalent basis) and 2.2 million tons for feed. The import estimate hinges to a large extent on the continued availability of feed wheat. International traders expect Korea to import between 2.0 million and 2.5 million tons of feed wheat depending on the 2012 crop situation in Ukraine, Russia and Eastern European countries - the traditional feed wheat exporters to Korea.

MY 2011/12 wheat imports are expected to reach 5.4 million tons given that imports for feed wheat were higher than expected during the first eight months of the marketing year. Competitive international prices for feed wheat are driving imports. Korea's feed wheat market is dominated by three exporters including intermittent exports from Ukraine. Australia is a major supplier of feed wheat, followed by Canada and the United States. Since June 2010, the U.S. feed wheat exports to Korea have been trending higher. Imports of U.S. wheat in MY 2011/12 are expected to reach around 1.5 million tons, which include 200,000 tons of U.S. feed grade wheat. U.S. feed grade wheat is mainly composed of soft wheat or white wheat containing lower than normal protein contents.

## Tariff

In late December 2011, the Ministry of Strategy and Finance (MOSF) released its adjusted tariffs and tariff rate quotas (TRQ) for CY 2012. Please refer to [KS 1205](#) for more details. A TRQ covering milling wheat was set at 1.56 million metric tons at a zero percent duty, down from the base rate of 1.8 percent, for the first half of CY 2012. The out-of-quota duty remained fixed at 1.8 percent. Of note, the feed wheat TRQ and its corresponding duty were eliminated in 2007. On March 15, 2012, the KORUS FTA was implemented. Consequently, the duty on U.S. wheat immediately fell to zero.

In CY 2012, the flour import tariff rate that was reduced to zero to curb inflation in 2011 returned to the local base rate at 4.2 percent. Under the KORUS FTA, tariffs for wheat flour (H.S. 1101.00.1000) will gradually be eliminated over a 5 year phase out period while tariffs for meslin flour (H.S. 1101.00.2000) fell to zero.

<b>Korea: Wheat Import Tariff Rates for CY 2012</b> (Percent)		
Commodity	Applied Tariff Rate	Bound Tariff Rate

		2011	2012	2011	2012
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 <sup>1/</sup>	1001.99.2090	1.8(0)	1.8(0)	1.8	1.8
Others, Meslins	1001.99.9010	3	3	9.0	9.0
Others, Other <sup>1/</sup>	1001.99.9090	1.8(0)	1.8(0)	1.8	1.8

Source: Korea Customs Service (KCS)

1/ The number in parenthesis is the in-quota tariff rate assessed on 1.56 million tons of wheat imported for milling purposes for the first half of CY 2012.

#### Flour Trade:

MY2011/12 flour imports are expected to decline to 30,000 tons (less than 50,000 tons wheat equivalent) because the SPC Group, Korea's biggest bakery company started milling its own flour. Consequently, MY 2012/13 flour imports are forecast to level off around 50,000 tons (wheat equivalent) because small-sized restaurants and noodle manufactures continue being loyal users of cheaper priced flour. The statistics of pasta imports have been reflected into PSD table since MY 2010.

Since MY 2008, annual flour exports have converged at around 60,000 tons (wheat equivalent), this level is expected to be maintained for the foreseeable future.

Korea: Wheat Imports (1,000 MT, Customs Cleared Basis)					
Marketing Year (July/June)	Feed Wheat	Milling Wheat	Flour Imports 1/	Pasta Import 1/	Total
04/05	1,089	2,385	29	99	3,602
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 a/	3,000	2,200	50	123	5,373

Source: Korea Customs Service

1/ Wheat basis

a/ FAS Seoul forecast based on the buying contracts to date and the first seven months imports

Korea: MY 2011/12 Feed Wheat Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of March, 2012)		
ETA	Quantity	Price (US\$/MT) <sup>1/</sup>
Jul. 2011	165	307
Aug.	165	304
Sep.	220	293
Oct.	165	286
Nov	275	270
Dec	220	274

Jan. 2012	165	263
Feb.	220	259
Mar	220	268
Apr.	220	271
May	445	284
Jun.	275	294
Total	2,755	

Source: Local Grain Traders  
1/ CNF on Weighted Average

Korea: Wheat Flour Imports (Metric Ton, July/June)						
Country	MY2005	MY2006	MY2007	MY2008	MY2009	MY2010
U.S.A.	315	594	771	425	873	531
Canada	16,416	28,595	35,662	11,206	34,213	13,540
Australia	1,250	2,510	1,721	1,979	1,252	528
China	8,510	12,037	27,045	815	1,328	583
Turkey	2,488	4,671	1,981	6,685	24,568	11,130
Indonesia	360	942	4,709	4,462	7,647	9,956
Hungary	0	0	0	5,601	8,893	110
Others	424	1,211	5,103	18,951	14,112	9,772
<b>Total</b>	<b>29,763</b>	<b>50,560</b>	<b>76,994</b>	<b>50,124</b>	<b>92,886</b>	<b>46,150</b>
<b>Wheat Basis</b>	<b>39,684</b>	<b>67,413</b>	<b>105,328</b>	<b>68,570</b>	<b>127,068</b>	<b>63,133</b>

Source: Korea Customs Service (KCS)

Korea: Pasta Imports (Metric Ton, July/June)						
Country	MY2005	MY2006	MY2007	MY2008	MY2009	MY2010
U.S.A.	266	329	327	449	326	424
China	56,430	60,805	63,188	57,473	64,123	62,024
Italy	11,254	11,503	13,910	11,080	13,525	16,368
Thailand	1,106	1,412	1,988	2,201	2,584	3,142
Indonesia	2,970	2,758	3,292	1,812	2,102	2,530
Turkey	274	266	749	1,630	2,388	2,507
Others	1,372	1,885	1,822	2,038	2,242	2,960
<b>Total</b>	<b>73,672</b>	<b>78,958</b>	<b>85,276</b>	<b>76,683</b>	<b>87,290</b>	<b>89,955</b>
<b>Wheat Basis</b>	<b>100,783</b>	<b>108,015</b>	<b>116,658</b>	<b>104,902</b>	<b>119,413</b>	<b>123,058</b>

Source: Korea Customs Service (KCS)

Korea: Wheat Flour Exports (Metric Ton, July/June)						
Country	MY2005	MY2006	MY2007	MY2008	MY2009	MY2010
Total	70,027	61,922	54,740	41,789	44,234	48,056
Wheat Basis	93,369	82,563	72,987	55,719	58,979	64,075

Source: Korea Customs Service (KCS)

## Production, Supply and Demand Data Statistics:

## Wheat PS&amp;D

Wheat Korea, Republic of	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	13	13	13	13		13
Beginning Stocks	1,118	1,118	1,510	1,434		1,768
Production	39	37	44	44		45
MY Imports	4,761	4,781	5,000	5,450		4,600
TY Imports	4,761	4,781	5,000	5,450		4,600
TY Imp. from U.S.	1,518	1,672	0	1,500		1,450
Total Supply	5,918	5,936	6,554	6,928		6,413
MY Exports	125	64	100	60		60
TY Exports	125	64	100	60		60
Feed and Residual	1,965	1,965	2,500	2,700		2,500
FSI Consumption	2,318	2,473	2,400	2,400		2,400
Total Consumption	4,283	4,438	4,900	5,100		4,900
Ending Stocks	1,510	1,434	1,554	1,768		1,453
Total Distribution	5,918	5,936	6,554	6,928		6,413
1000 HA, 1000 MT, MT/HA						

## WHEAT -- STATISTICAL TABLES

## Korea: Import Trade Matrix of Wheat

## Import Trade Matrix

## Country

Korea, Republic of  
Wheat

## Commodity

Time Period

July/June

Units:

1,000MT

Imports for:

2009

2010

U.S.

1116

U.S.

1673

Others

Others

Australia	853	Australia	1041
Ukraine	1469	Canada	1154
Canada	569	Ukraine	214
		EU	161
		Romania	155


Total for Others	2891	2725
Others not Listed	228	197
Grand Total	4235	4595

Note: Matrix does not include wheat flour and pasta imports

Korea: Monthly Wheat Imports (1,000 MT)				
Month	Feed Wheat		Milling Wheat	
	MY 2010/11	MY 2011/12	MY 2010/11	MY 2011/12
July	163	203	221	158
August	111	219	113	200
September	127	163	225	123
October	241	167	241	226
November	186	261	181	218
December	265	211	86	90
January	91	284	356	231
February	144	226	160	196
<b>Sub Total</b>	<b>1,328</b>	<b>1,732</b>	<b>1,583</b>	<b>1,443</b>
March	152	Na	155	Na
April	136	Na	212	Na
May	218	Na	286	Na
June	240	Na	283	Na
<b>Total</b>	<b>2,075</b>	<b>Na</b>	<b>2,519</b>	<b>Na</b>

Source: Korea Customs Service

Korea: MY 2011/12 Monthly Wheat Imports by Origin (1,000 MT, based on Customs Clearance)						
Country	U. S.	Australia	Canada	Ukraine	Other	Total
Milling Wheat						
2011 July	22	104	32	0	0	158
August	105	64	31	0	0	200
September	46	74	2	0	0	122
October	126	86	14	0	0	226
November	116	82	21	0	0	219
December	52	37	2	0	0	91
2012 January	132	89	11	0	0	232
February	86	87	22	0	0	195
<b>Total</b>	<b>685</b>	<b>622</b>	<b>135</b>	<b>0</b>	<b>0</b>	<b>1,443</b>
Feed Wheat						
2011 July	0	53	150	0	0	203

August	0	57	160	0	1	218
September	0	81	82	0	0	163
October	0	148	18	0	0	166
November	0	216	45	0	0	261
December	0	201	7	0	4	212
2012 January	116	164	0	0	4	284
February	57	166	0	0	2	225
<b>Total</b>	173	1,086	462	0	11	1,732
Total Wheat						
2011 July	22	157	182	0	0	361
August	105	121	191	0	1	418
September	46	155	84	0	0	285
October	126	234	33	0	0	393
November	116	298	65	0	0	479
December	52	237	9	0	4	302
2012 January	248	252	11	0	4	515
February	143	253	22	0	2	420
<b>Total</b>	859	1,708	597	0	11	3,175

Source: Korea Customs Service

Korea: Monthly Wheat Use (1,000 MT)				
Month	Feed Wheat		Milling Wheat a/	
	MY 2010/11	MY 2011/12	MY 2010/11	MY 2011/12
July	199	189	183	169
August	141	202	186	186
September	120	203	183	171
October	146	218	195	183
November	165	228	190	185
December	180	252	198	189
January	173	246	222	178
February	134	240	160	162
<b>Sub Total</b>	<b>1,258</b>	<b>1,778</b>	<b>1,517</b>	<b>1,423</b>
March	164	Na	212	Na
April	162	Na	197	Na
May	186	Na	160	Na
June	194	Na	161	Na
Total	1,965	Na	2,246	Na

Source: KFA and KOFMIA

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

Korea: Milling Wheat Imports by Variety (Arrival Basis, Calendar Year)					
Origin	Variety	CY 2010		CY 2011	
		(1,000 MT)	%	(1,000 MT)	%
United States	No. 1 WW/SW	373.3	17.5	466.8	22.2
	No. 1 WW/SW 9.5 max.	78.3	3.7	18.2	0.9
	No. 1 WW/SW 8.5 max.	37.2	1.7	64.4	3.1
	No. 1 White Club	0	0	0	0



	No. 1 Hard White	0	0	0	0
	No. 1 HRW 11.5 min.	250.3	11.7	255.8	12.2
	No. 1 DNS 14.0 min.	319.6	15.0	255.0	12.1
	No. 1 DNS 13.5 min.	12.7	0.6	18.3	0.9
	No. 2 SRW	5.9	0.3	6.8	0.3
	<b>Sub Total</b>	<b>1,077.3</b>	<b>50.5</b>	<b>1,085.3</b>	<b>51.7</b>
Australia	ASW <sup>a/</sup>	775.6	36.4	714.1	34.0
	AH <sup>b/</sup>	101.0	4.7	107.2	5.1
	ANW <sup>c/</sup>	21.0	1.0	0.8	0
	APW <sup>d/</sup>	8.2	0.4	65.9	3.1
	<b>Sub Total</b>	<b>905.8</b>	<b>42.5</b>	<b>888.0</b>	<b>42.3</b>
Canada	No. 2 CWRS 13.5 min. <sup>e/</sup>	<b>140.1</b>	<b>6.6</b>	<b>123.7</b>	<b>5.9</b>
Russia	RMW	<b>7.2</b>	<b>0.3</b>	<b>0</b>	<b>0</b>
Others	Organic Wheat	<b>1.0f</b>	<b>0</b>	<b>2.0</b>	<b>0.1</b>
	<b>Grand Total</b>	<b>2,131.4</b>	<b>100.0</b>	<b>2,099.0</b>	<b>100</b>

Source: Korea Flour Mills Industrial Association (KOFMIA)

a/ Australian Standard White Wheat

b/ Australian Hard Wheat

c/ Australian Noodle Wheat

d/ Australian Premium Wheat

## Commodities:

### Corn

## Production:

Corn production is negligible and accounts for less than one percent of total consumption. Planted area for MY 2012/13 is expected to remain steady at around 16,000 hectares, while production is forecast at 78,000 MT based on the preceding five-year average yield.

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
2011a/	15,828	4.93	78,000

Source: Ministry for Food, Agriculture, Forestry & Fisheries (MIFAFF), Statistics Korea (KOSTAT)

a/ FAS/Seoul forecast based on five-year average yield

## Consumption:

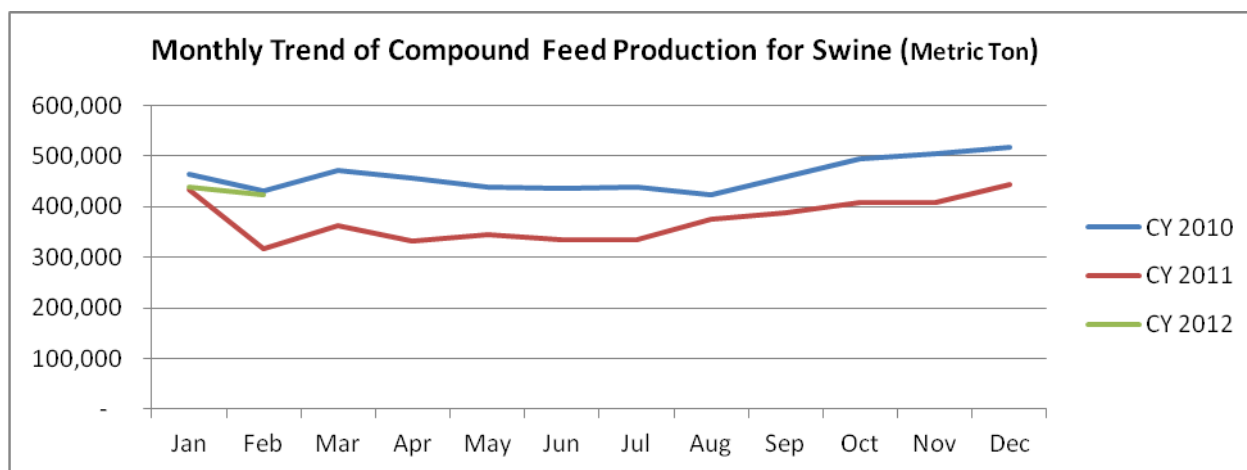
MY 2012/13 corn consumption is forecast to stay around 8.1 million MT, up 0.4 million MT from the current marketing year estimate, due to an anticipated increase in demand for feed corn as Korea's swine industry is expecting inventory to recover to the level prior to 2010/11 FMD outbreak. Feed corn consumption is projected to increase to 6.0 million MT, up 0.4 million MT from the estimated current marketing year level in large part due to anticipated increase in compound feed production for the swine 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) from the soft drink industry.

MY 2011/12 corn consumption is expected to decline to 7.7 million MT, down 0.6 million MT from the previous year due mainly to increasing consumption of competitively priced feed wheat. The decreased amount of corn is mainly offset by the increase of feed grade wheat. Processing corn is expected to stay around 2 million tons and the FSI corn consumption will be at 2.1 million MT, remaining unchanged from the previous year.

Compound feed production is expected to continue increasing to 17.2 million tons in MY 2011/12 and reaching 17.5 million tons in MY 2012/13 following the recovery of swine inventories. Feed corn has been the main ingredient used in compound feed, accounting for 35 to 40 percent of total ingredients. This ratio is projected to remain relatively constant for the foreseeable future based on the preferences of local livestock producers. However, because rising feed wheat use has impacted total corn demand, feed corn use ratio in MY 2011/12 is expected to fall to 33 percent of total compound feed production.

#### Compound Feed Production for Swine Industry

In Korea, the swine industry is the most important feed grain user. In MY 2010/11, compound feed production for the swine industry was 4.74 million, down 13.3 percent from the previous marketing year. The decrease was attributed to the substantial inventory losses in early 2011 due to the foot and mouth disease (FMD) outbreak. At the end of CY 2011, the nation's swine inventory recorded 8,171 thousand head, down 17 percent over the same period of the previous year. In CY 2011, the national average inventory per farm was 1,287 heads, representing an average annual growth of 9.6 percent during the recent five years. About 14 percent of the total swine was raised by farms with 10,000 or more heads in inventory, 14 percent by farms with 5,000 to 9,999 swine, 59 percent by farms with 1,000 – 4,999 swine, and 13 percent by farms with 999 or less swine. About 20 percent of the nation's total swine inventory is kept by 21 integrated operations. The integrators play an increasingly important role in the development of the industry and in the improvement of overall productivity by expanding operations and centralizing business management. In 2012, the nation's swine inventory levels will increase modestly over 2011. However, over the longer-term, it is unlikely that the total hog inventories will reach pre-crisis levels.



Corn processors continue using non-biotech IP corn imported from the United States and traditional corn imported from other countries such as Hungary, Serbia, Ukraine, Romania and South Africa. 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 companies using starch have sourced ingredients imported from China since these items are reportedly derived from non-biotech corn.

Korea: Total Corn Utilization (Oct./Sept., 1,000 MT)				
Marketing Year	Feed	Processing a/	Food b/	Total
2007/08	7,046	1,494	98	8,638
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 c/	5,600	2,000	100	7,700

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 2008/09	MY 2009/10	MY 2010/11	MY 2011/12a/
Sub. Total Grains and Grain Substitutes	10,274	10,954	10,935	11,050
- Wheat	1,416	2,149	2,100	2,700
- Corn	6,368	6,362	6,073	5,600
- Other Grains and Grain Substitute b/	2,490	2,443	2,762	2,750
Others c/	6,060	6,301	6,052	6,100
Grand Total	16,334	17,255	16,987	17,150

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 2008/09	MY 2009/10	MY 2010/11a/	MY 2011/12 b/
Poultry	4,413	4,564	4,744	4,900
Swine	5,307	5,465	4,738	4,750
Cattle	5,550	5,915	6,116	6,100
Others b/	1,009	1,233	1,367	1,400
Total	16,279	17,177	16,965	17,150

Source: MIFAFF

a/ Preliminary

b/ FAS/ Seoul forecast

c/ include ducks, pet food, rabbit, horse, sheep, deer, quail etc.

## Trade:

MY 2012/13 total corn imports are projected to increase to 8.0 million MT, up 500,000 tons from the current marketing year estimate, consisting of 6 million MT of feed corn to meet a greater demand for swine sector and 2 million MT of processing corn to meet relatively stable demand for food processing .

MY 2012/13 U.S. corn imports are forecast to stay around 5.5 million MT or about 70 percent of total Korean corn imports. However, U.S. imports could reach as much as 6.0 million MT depending on the corn supply situation of other major exporters including the availability of traditional corn from Eastern Europe.

Corn imports for MY 2011/12 are expected to decrease to 7.5 million MT, down 0.6 million tons from the previous year due to a lower demand for feed corn, spurred by the increased use of feed wheat.

MY 2011/12 U.S. corn imports are estimated at staying around 5.5 million tons based on the records of U.S. corn imports for the first five months.

At the end of March 2012, importers have contracted for 5.8 million MT of corn delivering from October 2011 to September 2012. Most of the contracted purchases to date are for U.S. corn and/or optional origin at seller's option among the United States, South America, South Africa or Europe with a price range of \$283-363 per metric ton CNF for feed corn.

Meanwhile corn processors have contracted for U.S. No. 2 non-GM yellow corn and Eastern European conventional corn with a price range of \$284-364 per metric ton CNF for the same period.

In MY 2010/11, the United States accounted for 78 percent of total corn imports in Korea, representing 86 percent of total feed corn imports and 55 percent of total food processing corn imports, respectively.

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	%
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

Source: Korea Customs Service

Korea: Corn Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of March 2012)					
ETA	U.S.	EU	SOAM	Others 1/	Total
Oct. 2011	110	0	0	500	610
Nov.	55	0	0	540	595
Dec.	165	0	0	234	399
Jan. 2012	242	0	0	265	507
Feb.	176	0	0	220	396
Mar.	243	0	55	415	713
April	382	0	171	110	663
May	184	0	0	55	239
June	294	165	119	230	808
July	161	0	0	182	343
Aug.	0	0	65	134	199
Sep.	0	0	60	250	310
Total	2,012	165	470	3,135	5,782

Source: Local Grain Traders

1/ optional origins at seller's option out of USA, SOAM, Europe or South Africa

In late December 2011, the Ministry of Strategy and Finance (MOSF) released its adjusted tariffs and tariff rate quotas (TRQ) for CY 2012. These autonomous TRQs cover a variety of agricultural products, including feed and processing corn. The TRQs for these commodities were expanded with feed corn set at 9 million MT for CY 2012 and processing corn at 1.41 million MT for the first half of CY 2012, respectively, with a zero percent duty. Please refer to [KS 1205](#) for more details. The out-of-quota duty for both feed and processing corn remained fixed at 328 percent.

Of the annual TRQ for feed corn, 9 million MT has been allocated to feed millers who are members of the Korean Feed Association (KFA) and Nonghyup Feed Inc. (NOFI). The Korea Corn Processing Industry Association (KOCPIA) is expected to manage the 2 million MT of processing corn TRQ.

Starting March 15, 2012, the duty on U.S. feed corn immediately fell to zero under the KORUS FTA. If imports of U.S. corn claim the KORUS preferential duty, these imports should 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.

Korea: Import Tariff Rate for CY 2012							
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	9,020,000 MT <sub>a/</sub>	0	328	1.8	328
Processing Corn 1005.90.9000		3	1,410,000 MT <sub>b/</sub>	0	328	3	328

Source: Korea Customs Service (KCS)

a/ include 20,000 MT for mushrooms cultivation for January 1 – December 31, 2012

b/ for January 1- June 30, 2012 include 10,000 MT of white corn for popping

## Production, Supply and Demand Data Statistics:

Corn PS&D

Corn Korea, Republic of	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	16	16	16	16		16
Beginning Stocks	1,622	1,622	1,580	1,589		1,467
Production	74	74	78	78		78
MY Imports	8,107	8,107	8,000	7,500		8,000
TY Imports	8,107	8,107	8,000	7,500		8,000
TY Imp. from U.S.	6,065	6,316	0	5,500		5,500
Total Supply	9,803	9,803	9,658	9,167		9,545
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	6,074	6,074	6,000	5,600		6,000
FSI Consumption	2,149	2,140	2,100	2,100		2,100
Total Consumption	8,223	8,214	8,100	7,700		8,100
Ending Stocks	1,580	1,589	1,558	1,467		1,445
Total Distribution	9,803	9,803	9,658	9,167		9,545
1000 HA, 1000 MT, MT/HA						

Korea: Import Trade Matrix of Corn

**Import Trade Matrix**

**Country**

Korea, Republic of

**Commodity**

Corn

Time Period

Oct/Sept

Units:

1,000MT

Imports for:

2009

2010

U.S.

7504

U.S.

6316

Others

Others

Hungary	289	South Africa	893
Argentina	243	Serbia	445
Brazil	201	Hungary	205
Serbia	103	Brazil	180

Total for Others

836

1723

Others not Listed

120

68

Grand Total

8460

8107

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	%
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

Source: FAS Seoul

Korea: Monthly Corn Import (1,000 MT)				
Month	Feed Corn		Processing Corn	
	MY 2010/11	MY 2011/12	MY 2010/11	MY 2011/12
October	589	344	133	164
November	350	497	202	126
December	649	354	74	155
January	577	587	281	214
February	480	503	137	112
<b>Subtotal</b>	<b>2,645</b>	<b>2,285</b>	<b>827</b>	<b>770</b>
March	435	Na	155	Na
April	579	Na	161	Na
May	458	Na	248	Na
June	485	Na	178	Na
July	423	Na	119	Na
August	652	Na	180	Na
September	383	Na	179	Na
<b>Total</b>	<b>6,060</b>	<b>Na</b>	<b>2,047</b>	<b>Na</b>

Source: Korea Customs Service

Korea: MY 2011/12 Monthly Corn Imports by Origin (1,000 MT, based on Customs Clearance)						
Country	U. S.	South Africa	Brazil	Serbia	Others1/	Total
Feed Corn						
2011 Oct.	238	106	0	0	0	344
Nov.	476	21	0	0	0	497
Dec.	353	0	0	0	1	354
2012 Jan.	527	1	7	0	52	587
Feb.	392	0	11	0	100	503
<b>Subtotal</b>	<b>1,987</b>	<b>128</b>	<b>18</b>	<b>0</b>	<b>153</b>	<b>2,285</b>
Processing Corn						
2011 Oct.	99	0	14	31	20	164
Nov.	82	0	0	16	28	126
Dec.	65	29	21	24	16	155
2012 Jan.	37	0	0	66	111	214
Feb.	11	0	0	19	82	112
<b>Subtotal</b>	<b>294</b>	<b>29</b>	<b>35</b>	<b>155</b>	<b>257</b>	<b>770</b>
Total						
2011 Oct.	337	106	14	30	21	508
Nov.	558	21	0	16	28	623
Dec.	419	29	21	24	16	509
2012 Jan.	564	1	7	66	162	800
Feb.	403	0	11	19	182	615
<b>Grand Total</b>	<b>2,281</b>	<b>157</b>	<b>53</b>	<b>155</b>	<b>409</b>	<b>3,055</b>

Source: Korea Customs Service

1/ mainly non-GM corn originated from Ukraine (119,464 MT), Hungary (89,045 MT), Australia (25,910 MT), Paraguay (42,054 MT), India (54,937 MT), Romania (51,466 MT) and China (22,560 MT)

<b>Korea: Total Corn Utilization</b> (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	1,940	92	8,394
2010/11	6,074	2,051	89	8,214
2011/12 c/	5,600	2,000	100	7,700

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.

<b>Korea: Processing Corn Consumption</b> (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

Source: Korea Corn Processing Industry Association (KOCPIA)

<b>Korea: Monthly Corn Use</b> (1,000 MT)				
Month	Feed Corn		Processing Corn	
	MY 2010/11	MY 2011/12	MY 2010/11	MY 2011/12
October	573	464	182	171
November	583	461	173	164
December	612	490	173	161
January	550	465	177	156
February	421	448	151	154



<b>Subtotal</b>	<b>2,739</b>	<b>2,329</b>	<b>856</b>	<b>806</b>
March	499	Na	185	Na
April	464	Na	169	Na
May	503	Na	184	Na
June	491	Na	174	Na
July	445	Na	167	Na
August	476	Na	168	Na
September	459	Na	148	Na
<b>Total</b>	<b>6,074</b>	<b>Na</b>	<b>2,052</b>	<b>Na</b>

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

<b>Korea: Animal Inventory</b> (1,000 Head, 1,000 Birds)					
Animal	Year	March	June	September	December
Beef Cattle	2008	2,241	2,448	2,470	2,430
	2009	2,481	2,599	2,645	2,635
	2010	2,706	2,889	2,949	2,915
	2011	2,881	3,053	3,044	2,950
	2012	2,906e/	3,043e/	na	2,850d/
Dairy Cattle	2008	451	445	445	446
	2009	448	439	438	445
	2010	449	432	429	430
	2011	396	403	404	404
	2012	405-407e/	407-409e/	na	403d/
Swine a/	2008	8,981	9,153	9,284	9,087
	2009	9,177	9,044	9,381	9,585
	2010	9,768	9,728	9,901	9,881
	2011	7,036	7,330	7,783	8,171
	2012	8,450-8,550e/	8,900-9,000e/	9,500-9,600e/	8,634 d/
Layer b/	2007	56,525	56,542	55,117	56,093
	2008	57,850	59,720	58,200	59,170
	2009	60,240	61,140	61,998	62,967
	2010	62,524	61,586	60,095	61,700
	2011	61,025	60,723	61,212	62,425
	2012	63,340e/	62,940e/	na	na
Broiler c/	2007	63,350	87,359	59,946	56,227
	2008	67,010	77,850	55,560	54,480
	2009	68,690	99,983	68,123	67,194
	2010	72,692	101,690	71,271	74,050
	2011	69,932	110,122	71,038	76,435
	2012	70,970	na	na	na

Source: Korea Rural Economic Institute, MIFAFF

a/ includes 864,000 heads of statistical difference between FAS/Seoul and Korean government.

b/ Excluding breeders.

c/ Excluding multi-use broilers.

d/ FAS/Seoul forecast

e/ KREI forecast

**Korea: Feed Ingredients Use for MY2009-MY2010**  
(1,000 MT)

INGREDIENT	MY2009/2010			MY2010/2011		
	TOTAL	DOM <sup>1/</sup>	%	TOTAL	DOM <sup>1/</sup>	%
GRAINS:						
CORN	6,362	0	36.9	6,073	1	35.8
SORGHUM	0	0	0	0	0	0
WHEAT	2,150	0	12.5	2,100	1	12.4
BARLEY	24	4	0.1	26	3	0.2
RYE	0	0	0	1	1	0
OATS	2	0	0.0	2	0	0.0
GSP/BROKEN GRAIN	47	47	0.3	67	67	0.4
TAPIOCA	289	0	1.7	224	0	1.3
LUPIN SEED	208	38	1.2	121	15	0.7
OTHERS	123	119	0.7	174	167	1.0
<b>SUB TOTAL</b>	<b>9,205</b>	<b>208</b>	<b>53.3</b>	<b>8,788</b>	<b>255</b>	<b>51.7</b>
GRAIN BY-PRODUCTS:						
WHEAT BRAN	653	390	3.8	662	421	3.9
RICE BRAN	175	175	1.0	237	237	1.4
BARLEY BRAN	1	1	0	0	0	0
CORN BRAN	0	0	0	0	0	0
GLUTEN FEED	639	411	3.7	931	493	5.5
OTHERS	282	217	1.6	317	210	1.9
<b>SUB TOTAL</b>	<b>1,750</b>	<b>1,194</b>	<b>10.1</b>	<b>2,147</b>	<b>1,361</b>	<b>12.6</b>
ANIMAL PROTEIN:						
FISH MEAL	23	16	0.1	21	17	0.1
MEAT & BONE MEAL	18	18	0.1	18	18	0.1
OTHERS	87	87	0.5	100	97	0.6
<b>SUB TOTAL</b>	<b>128</b>	<b>121</b>	<b>0.7</b>	<b>139</b>	<b>132</b>	<b>0.8</b>
VEGETABLE PROTEIN:						
SOYBEAN MEAL	2,176	576	12.6	2,059	545	12.1
RAPESEED MEAL	306	0	1.8	285	3	1.7
SESAMESEED MEAL	15	15	0.1	17	17	0.1
PERILLA SEED MEAL	5	5	0.0	4	4	0.0
CORN GLUTEN MEAL	86	79	0.5	86	78	0.5
DDGS	474	136	2.7	535	144	3.1
COTTONSEED MEAL	5	0	0.0	5	0	0.0
PARM KERNEL MEAL	596	0	3.5	636	11	3.7
COPRA MEAL	523	1	3.5	366	18	2.2
OTHERS	228	85	1.3	210	183	1.2
<b>SUB TOTAL</b>	<b>4,414</b>	<b>897</b>	<b>25.6</b>	<b>4,203</b>	<b>1,003</b>	<b>24.7</b>

ADDITIVES/MINERALS:						
CALCIUM PHOSPHATE	82	65	0.5	72	57	0.4
LIMESTONE	435	435	2.5	452	452	2.7
SALT	64	62	0.4	62	61	0.4
OTHER	224	224	1.3	235	232	1.4
<b>SUB TOTAL</b>	<b>805</b>	<b>786</b>	<b>4.7</b>	<b>821</b>	<b>802</b>	<b>4.8</b>
OTHER INGREDIENTS:						
TALLOW	365	331	2.1	320	293	1.9
MOLASSES	401	344	2.3	390	330	2.3
UREA	1	1	0.0	0	0	0.0
OTHER	187	176	1.1	179	166	1.1
<b>SUB TOTAL</b>	<b>954</b>	<b>852</b>	<b>5.5</b>	<b>889</b>	<b>789</b>	<b>5.2</b>
<b>GRAND TOTAL</b>	<b>17,256</b>	<b>4,058</b>	<b>100.0</b>	<b>16,987</b>	<b>4,342</b>	<b>100.0</b>

Source: Korea Feed Association (KFA)

1/ Domestic Products

## Commodities:

Rice, Milled

## Production:

MY 2012/13 rice production is forecast to stay around 4.2 million tons – down 0.5 percent from 4.224 MMT in 2011/12 - due to lower planting intentions. According to a recent Korea Rural Economic Institute (KREI) survey of 1,536 rice farmers from December 23 through 27, 2011, area planted is expected to decline to 847,000 HA, down about 0.8 percent from last year. However, high yield varieties will offset low planting intentions. Information about the 2011 rice crop is available in [KS 1147 \(Rice Production Update\)](#)

## 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 482Kg/10a to 532Kg/10a depending on weather conditions.

KREI forecasts for the 2012 crop and Ministry of Food, Agriculture, Forestry and Fisheries (MIFAFF) historical data are shown in the following tables.

Korea: 2012 Rice Production Forecast		
	2011 Rice Production	2012 Rice Production Forecast
Area (1,000 HA)	854	847
Yield (Kg/10a)	495	482-532
Production (1,000MT)	4,224	4,083-4,506

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

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)

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).

### **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 2011, combined support payments totaled 617 billion won (\$557 million). 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 2011 area payment was 701,169 won (\$634) on average per hectare. Paddy area covered under this support program declined to 883,000 hectare, down 0.2 percent from the previous year.

**Deficiency Payment:** The deficiency payment is 85 percent of the difference between the national-average market price during the 2011 harvest season (Oct-Jan) and the 2011 target price, less the area payment. In 2011, the deficiency payment amounted to zero since the average harvest price of 2,079 won (\$1.88) per kilogram (milled) was so close to the target price of 2,126 won (\$1.92) per kilogram (milled). The area payment of 701,169 won per hectare is converted to a kilogram equivalent (144 won/Kg) by dividing it by the 1999-2003 Olympic average yields\*.

Due to strong farm gate prices during the harvest season, farmers received no deficiency payments in 2011. The deficiency payment calculation is shown as below.

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

$[\text{W } 2,126 - \text{W } 2,079] \times .85 - \text{W } 703,163 / 4,880 \text{ MT} = \text{minus W } 104 \text{ per kilogram}$

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

### **Government Rice Purchase Program under the Public Rice Stockholding Program (PRSP):**

The government purchases rice to ensure food security and price stability. Under the Public Rice Stockholding Program (PRSP), 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. Between October and December 2011, the Korean government purchased 261,000 MT (milled basis) of paddy rice, or 6 percent of the 2011 rice production, under PRSP. However, government procurements failed to reach the initial target of 340,000 MT because farmers were reluctant to participate in the program.

### **Rice Reduction Plan:**

The Korean government revised its acreage reduction program for trimming rice production from 40,000 HA down to 5,000 HA. In recent months, decreasing rice stocks have caused considerable domestic market instability.

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	701,169	617.4	na	none	0	617.4

Source: FAS/Seoul estimate based on MIFAFF 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.

Korea: Government Rice Purchases under PRSP			
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

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)

a/ Plan

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	1,293	31

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)

a/ exclude independent RPC purchases

### Consumption:

MY 2012/13 consumption is forecast at 4.8 million tons, the same as the current marketing year. Imported rice constitutes about 8 percent of total consumption.

Korean consumers prefer short grain table rice and 84 percent of domestic production (all short grain) is consumed as table rice. 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. FAS/Seoul estimates per capita table rice consumption at 68.5 Kg in MY 2012/13 based on declining consumption trends for table rice.

Although processing accounts for only about 13.5 percent of total rice supply, consumption of rice for processing has grown rapidly in the past few years. In MY 2012/13, Korea's food processing industry is forecast to use about 650,000 tons of rice (milled), of which half will be imported. Nearly 60 percent of processing rice is used for food processing and about 40 percent is used for liquor processing according to the latest official statistics. Consumption of processing rice is expected to continue to grow in the coming years as the government continues its efforts to globalize Korean cuisine, which includes rice cakes and other rice based snacks.

Korea: Rice Utilization Pattern (1,000 MT, milled)				
Rice Year (Nov.- Oct.)	MY 2008/09	MY 2009/10 a/	MY 2010/11 b/	MY 2011/12 c/
Table Rice	3,683	3,670	3,612	3,560
Processing	366	554	644	650
(for food)	(278)	(347)	(400)	(400)
(for liquor)	( 88)	(207)	(244)	(250)
Seed	40	39	37	38
Other and Loss	702	435	882	729
Total Demand	4,791	4,698	5,175	4,977
Per Capita Table Rice Consumption (Kg)	74.0	72.8	71.2	69.8

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MFAFF)

a/ Revised

b/ Preliminary

c/ Forecast

Korea: Processing Rice Consumption Pattern (1,000 MT, milled)				
Purpose	MY 2008/09	MY 2009/10	MY 2010/11a/	MY 2011/12b/
KRFA	132	180	234	280
KALIA	88	207	244	250
Others c/	189	167	166	120
Total	366	554	644	650

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MFAFF)

a/ MFAFF preliminary

b/ MFAFF forecast

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

2012a/	na	na	280,000
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Source: Korea Rice Foodstuffs Association (KRFA)

a/ KRFA's forecast

Korea: 2011 Rice Supply for Processing Purposes to KRFA Members (Metric Ton, Milled)		
Item	Quantity	Ratio (%)
Cake/Noodle	90,620	39
Confectionary	12,260	5
Flour	45,798	20
Alcohol	54,888	23
Seasoning/Sweetness	23,851	10
Others	6,708	3
Total	234,125	100

Source: Korea Rice Foodstuffs Association (KRFA)

### Trade:

Korea imports rice as part of its WTO Minimum Market Access (MMA) agreement. Import volumes will continue to grow according to the predefined MMA schedule until the end of 2014. The government's decision to import earlier under the 2012 MMA is to help stabilize domestic rice prices.

#### Imports:

MY 2012/13 rice imports are forecast at about 400,000 tons (milled). Under the 2013 MMA, Korea is scheduled to purchase 388,353 tons (milled) of rice, which will likely occur in the first half of 2013. Of the total committed purchase amount, approximately 120,000 MT (milled), or 29 percent of the 2013 MMA, will be U.S. medium grain rice, under Country Specific Quota (CSQ) and Most Favored Nation (MFN) quota allocations.

MY 2011/12 rice imports are expected to reach 600,000 tons (milled) under both the 2011 MMA and the 2012 MMA commitments. As of February 2012, the Korean government started purchasing 368,006 MT under 2012 MMA. Prior to these purchases, the government successfully acquired 347,658 MT under the 2011 MMA in early December 2011.

#### 2012 MMA Rice Purchasing Plan:

In late January 2012, the Korean government released its 2012MMA rice purchasing plan. Under the MMA plan, Korea will purchase 368,006 MT of rice, comprising of 162,778 MT under the global quota (GQ) and several country specific quotas (CSQ) totaling 205,228 MT. The United States is expected to receive around 100,000 MT, or 27 percent of the total MMA taking into account the U.S. CSQ and the medium grain allocation. Please refer to [2012 MMA Rice Purchasing Plan](#) for more details.

#### 2011 MMA Purchases Completed:

In early December 2011, the Korea Agro-Fisheries and Food Trade Corporation (aT) completed the tendering process for the 2011 MMA commitments for rice. Korea purchased a total of 347,658 metric tons (MT) of rice from the United States, China, Thailand, Vietnam and Myanmar. The U.S. share was 29.2 percent, with contracts totaling 101,490 MT (milled) worth \$87 million. The bulk of the U.S. contracts, roughly 76,031 MT, were for brown rice (equivalent to 68,428 MT on milled basis) with delivery period from October through December 2011 and the remaining 33,062 MT were for milled rice with delivery dates from January through June 2012, respectively. More details on the tender results are available in [KS 1209](#) (2011 MMA Rice Tender Results).

Korea: Rice Contracts by Country, 2011 MMA (Unit: MT, Milled Basis)			
Country	Global Quota	CSQ	Total (%)

	Processing	Table	Processing	Table	
USA	46,825	4,589	22,603	27,473	<b>101,490(29)</b>
China	44,911	0	49,024	67,135	<b>161,070(46)</b>
Thailand	20,694	0	24,863	5,100	<b>50,657(15)</b>
Vietnam	19,441	0	0	0	<b>19,441(6)</b>
Myanmar	15,000	0	0	0	<b>15,000(4)</b>
S.Total	146,871	4,589	96,490	99,708	<b>347,658</b>
<b>G. Total</b>	<b>151,460</b>		<b>196,198</b>		<b>347,658</b>

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

<b>Korea: U.S. Rice Sales to Korea, 2011 MMA</b>				
Contracts	Milled rice(MT)	Brown rice(MT)	Arrival unit price	Amount
			(\$/MT)	(\$)
1		11,111a/	807.00	8,966,577
2		21,810a/	782.00	17,055,420
3	1,000a/b/		965.73	965,730
4		20,114	822.00	16,533,708
5		17,996 a/	749.30	13,484,403
6	14,726		866.00	12,752,716
7		5,000	763.00	3,815,000
8	10,000		799.99	7,999,900
9	2,747		751.16	2,063,437
10	4,589a/c/		766.00	3,515,174
total	<b>33,062</b>	<b>76,031</b>		<b>87,152,064</b>

Source: Korea Agro-Fisheries and Food Trade Corporation (aT), totaling 101,490MT in milled basis or 29.2 percent of total MMA.

a/ under the Global Quota

b/ Sweet rice for processing purpose

c/ converted from Australian CSQ

#### Auctions:

The aT, the government's state trading arm, manages the purchasing and selling of imported table rice. The aT sells table rice shipments through a public auction system. On the other hand, the Ministry of Food, Agriculture, Forestry, and Fisheries (MIFAFF) sells processing rice to end-users such as food processors and alcoholic beverage producers throughout the year. The 2011 MMA shipments started arriving in late 2011 and will continue till the June 2012. Approximately 104,297 MT of table rice will be delivered over this period.

The aT kicked off table rice auctions for U.S. rice in December 2011, Thai rice in February 2012 and Chinese rice March 2012, respectively, under 2011 MMA. The auctions for U. S. rice under 2011 MMA are expected to be completed shortly considering favorable market response for U.S. table rice in the first half of 2012. In the second half, U.S. table rice imported under 2012 MMA will continue to be marketed through aT's selling auctions. However, currently the progress of auctions for other origins as oppose to U.S. rice has been a little slower.

<b>Korea: Status of Rice Auction for Table Rice under 2010 CSQ</b>					
<b>(Unit: metric tons, milled basis, as of January 18, 2012)</b>					
Commodity	USDA Grade	Total Table Rice CSQ	Auctioned Off	Balance	Rate of Auctioned Off (%)
U.S. Medium Grain	#1	27,915	27,890	25	100
	#3	2,622	2,622	0	100



Chinese Short Grain	#1	39,334	37,495	1,839	95
	#3	26,222	22,390	3,832	85
Thai Long Grain	#1	2,100	2,100	0	100
Total		98,193	92,497	5,696	94

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

Korea: Status of Rice Auction for Table Rice under 2011 CSQ (Unit: metric tons, milled basis, as of April 9, 2012)					
Commodity	USDA Grade	Total Table Rice CSQ	Auctioned Off	Balance	Rate of Auctioned Off (%)
U.S. Medium Grain	#1	29,315	17,632	11,683	60
	#3	2,747	0	2,747	0
Chinese Short Grain	#1	40,281	3,603	36,678	9
	#3	26,854	409	26,445	2
Thai Long Grain	#1	2,100	90 <sup>a/</sup>	2,010	4
	#3	3,000	428	2,572	14
Total		104,297	22,162	82,135	21

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

a/ #1 Long Grain Aroma Rice sold at Korean won 1,510/kg on average.

Korea: Auctioned-Off Prices of Imported Table Rice Comparing with Local Rice (Unit: Korean Won per Kg on Average)							
Auctioning-off Period	U.S. Medium Grain		Chinese Short Grain (Medium Grain)		Thai Long Grain	Korean Short Grain Wholesale	
	#1	#3	#1	#3	#1	High Quality	Medium Quality
April-September 2006 (2005 MMA)	1,138	991	1,274	1,133	555	1,861	1,812
March-August 2007 (2006 MMA)	1,363	1,211	1,357	1,303	953	1,961	1,916
February-August 2008 (2007 MMA)	1,542	1,510	1,487	1,558	1,132	2,034	1,983
February 2009 -May 2010 (2008 MMA)	1,160	994	1,125 (1,100)	na	1,329	1,913	1,845
February 2010-March 2011 (2009 MMA)	970	881	914 (850)	893	672	1,692	1,635
April 2011-January 2012 (2010 MMA)	913	1,074 <sup>c/</sup>	707	612	518	1,959	1,886
December 2011-April 2012 (2011 MMA) <sup>b/</sup>	1,109	na	994	966	809 <sup>d/</sup>	2,081	2,033

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

a/ Plans to start auctioning off soon after completion of selling auctions for #1 grade rice.

b/ ongoing

c/ Auctioned-off during October-December 2011

d/ #3

#### Exports:

Korea has exported negligible amount of rice to other countries. In CY 2011, Korea exported 3,782 MT of milled rice with Australia importing 1,440 MT or 38 percent of total rice exports followed by 36 other countries. The U.S. imported 161 MT of Korean rice for the period.

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

Source: Korea Customs Service

### Stocks:

MY 2012/13 ending stocks (at the end of October 2012) are forecast to decrease to about 0.7 million tons, 14 percent of total consumption, as domestic rice consumption for processing purpose will continue increasing due to a government supported program. MY 2011/12 stocks (at the end of October 2012) are forecast at 0.9 million tons, equivalent to roughly 18 percent of domestic consumption.

Ending stocks of imported rice continue to increase as the government has encouraged the use of old domestic rice in food processing. Consequently, imported rice stocks for MY 2011/12 are expected to reach 450,000 metric tons as of the end of October 2012.

Korea: Status of Rice Stocks (Milled rice, 1,000 MT, as of end October)						
Rice Year (Nov.-Oct.)	2006/07	2007/08	2008/09	2009/10a/	2010/11b/	2011/12c/
Total	702	683	990	1,505	1,026	870
Government Stock	596	608	805	821	984	811
-Domestic Rice	456	510	698	639	696	362
-Imported Rice	140	98	107	182	288	449
NACF d/	0	0	151	616	0	0
Civil Stock	106	75	34	68	42	59

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

a/ MIFAFF Preliminary

b/ FAS/Seoul Preliminary

c/ FAS/Seoul forecast

d/ NACF purchase under the government loan program.

### Production, Supply and Demand Data Statistics:

Rice PS&D

Rice, Milled Korea, Republic of	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		Market Year Begin: Nov 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	892	892	854	854		847
Beginning Stocks	1,453	1,453	1,281	974		818
Milled Production	4,295	4,295	4,224	4,224		4,200
Rough Production	5,810	5,810	5,616	5,616		5,666
Milling Rate (.9999)	7,392	7,392	7,522	7,522		7,413
MY Imports	436	405	365	600		400

<b>TY Imports</b>	512	532	365	600		400
<b>TY Imp. from U.S.</b>	150	143	0	150		120
<b>Total Supply</b>	6,184	6,153	5,870	5,798		5,418
<b>MY Exports</b>	3	4	3	3		3
<b>TY Exports</b>	3	4	3	3		3
<b>Consumption and Residual</b>	4,900	5,175	4,800	4,977		4,800
<b>Ending Stocks</b>	1,281	974	1,067	818		615
<b>Total Distribution</b>	6,184	6,153	5,870	5,798		5,418
1000 HA, 1000 MT, MT/HA						

## RICE -- STATISTICAL TABLES

Korea: Import Trade Matrix of Rice

### Import Trade Matrix

**Country**

Korea, Republic of

**Commodity**

Rice, Milled

Time Period

Jan/Dec

Units:

1,000MT

Imports for:

2010

2011

U.S.

95

U.S.

143

Others

Others

China	160	China	244
Thailand	59	Thailand	107
Pakistan	6	Pakistan	8
		Myanmar	15
		Vietnam	15

Total for Others

225

389

Others not Listed

0

0

Grand Total

320

532

Korea: Farm Gate Price Index of Non-Glutinous Rice (2005=100)			
Year and Months		Price Index	
2001		104.6	
2002		103.6	
2003		107.0	
2004		109.3	
2005		100.0	
2006		93.8	
2007		98.8	
2008		104.4	
2009		98.1	
2010		84.9	
2011		99.1	
Quarterly	2010	2011	2012
First	87.4	92.5	107.9
Second	83.8	99.7	na
Third	82.4	100.0	na
Fourth	85.8	104.1	na

Source: Statistics Korea (KOSTAT)

Korea: Monthly Wholesale Price of Milled Rice (High Quality)						
Month\Year	CY 2010		CY 2011		CY 2012	
	Won/Kg	US\$/Kg	Won/Kg	US\$/Kg	Won/Kg	US\$/Kg
January	1,710	1.50	1,764	1.58	2,090	1.83
February	1,710	1.48	1,794	1.60	2,099	1.87
March	1,693	1.49	1,873	1.67	2,100	1.87
April	1,677	1.50	1,938	1.79	2,100	1.86
May	1,639	1.41	1,950	1.80	Na	Na
June	1,630	1.34	1,950	1.81	Na	Na
July	1,630	1.35	1,950	1.84	Na	Na
August	1,619	1.37	1,950	1.82	Na	Na
September	1,605	1.38	1,950	1.74	Na	Na
October	1,605	1.43	2,022	1.74	Na	Na
November	1,710	1.52	2,051	1.76	Na	Na
December	1,740	1.52	2,076	1.81	Na	Na
Average	1,665	1.44	1,939	1.75	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 2010		CY 2011		CY 2012	
	Won/Kg	US\$/Kg	Won/Kg	US\$/Kg	Won/Kg	US\$/Kg

January	2,101	1.84	2,064	1.84	2,194	1.92
February	2,090	1.81	2,098	1.87	2,202	1.96
March	2,080	1.83	2,138	1.91	2,195	1.95
April	2,102	1.88	2,217	2.04	2,202	1.95
May	2,086	1.80	2,235	2.06	Na	Na
June	2,057	1.70	2,254	2.09	Na	Na
July	2,052	1.70	2,234	2.11	Na	Na
August	2,054	1.74	2,203	2.05	Na	Na
September	2,031	1.74	2,201	1.97	Na	Na
October	2,039	1.82	2,234	1.94	Na	Na
November	2,017	1.79	2,214	1.96	Na	Na
December	2,020	1.76	2,190	1.91	Na	Na
Average	2,061	1.78	2,190	1.98	Na	Na

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Korea: Allocation of the MMA for 2005-2014 (MT, Milled rice)							
Calendar Year	Total	Global Quota	Country Specific Quota (CSQs)				
			Total	USA	China	Thailand	Australia
2005	225,575	20,347 <sup>a/</sup>	205,228	50,076	116,159	29,963	9,030
2006	245,922	49,724 <sup>b/</sup>	196,198	50,076	116,159	29,963	<sup>c/</sup>
2007	266,270	70,072 <sup>d/</sup>	196,198	50,076	116,159	29,963	<sup>c/</sup>
2008	286,617	90,419 <sup>e/</sup>	196,198	50,076	116,159	29,963	<sup>c/</sup>
2009	306,964	110,766 <sup>f/</sup>	196,198	50,076	116,159	29,963	<sup>c/</sup>
2010	327,311	131,113 <sup>g/</sup>	196,198	50,076	116,159	29,963	<sup>c/</sup>
2011	347,658	151,460 <sup>h/</sup>	196,198	50,076	116,159	29,963	<sup>c/</sup>
2012	368,006	162,778	205,228	50,076	116,159	29,963	9,030
2013	388,353	183,125	205,228	50,076	116,159	29,963	9,030
2014	408,700	203,472	205,228	50,076	116,159	29,963	9,030

Source: MIFAFF and Korea Agro-Fishery Trade Corporation (aT)

a/ Global quota allocations: United States 6,104 MT; China 11,191 MT; and Thailand 3,052 MT.

b/ Global quota allocations: United States 13,025 MT; China 23,080 MT; and Thailand 13,619 MT.

c/ Australia CSQ allocation converted to MFN due inability to fulfill quota.

d/ Global quota allocations: United States 21,643MT; China 32,352MT; and Thailand 16,077 MT.

e/ Global quota allocations: United States 19,534MT; China 35,126MT; and Thailand 35,759 MT.

f/ Global quota allocations: United States 31,270MT; China 43,629MT; Thailand 30,347 MT; and Pakistan 5,520MT

g/ Global quota allocations: United States 43,643MT; China 42,411MT; Thailand 40,347 MT; and Pakistan 4,712MT

h/ Global quota allocations: United States 51,414MT; China 44,911MT; Thailand 20,694MT; Vietnam 19,441MT; and Myanmar 15,000MT

Korea: Import Schedule of Table Rice (MT, Milled Rice)			
Calendar Year	Total	Table Purpose	Rate of Table Rice (%)
2005	225,575	22,557	10
2006	245,922	34,429	14
2007	266,270	47,928	18
2008	286,617	63,055 <sup>a/</sup>	22
2009	306,964	79,810 <sup>b/</sup>	26
2010	327,311	98,193	30
2011	347,658	104,297	30
2012	368,006	110,401	30
2013	388,353	116,505	30
2014	408,700	122,610	30

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)

a/ Of them, 24,934MT of Chinese rice was diverted to the processing purpose in CY2010

b/ Of them, 33,303 MT of Chinese rice and 1,500 MT of Thai rice are diverted to the processing purpose in CY2011

Korea: Rice allocation per Country on the buying tender under MMA (Milled basis, MT)								
Calendar Year	MMA Quota	U.S.A.	China	Thailand	Australia	Vietnam	Pakistan	Others
1995	51,307	0	0	0	0	0	0	51,307 <sup>b/</sup>
1996	64,134	0	64,134	0	0	0	0	0
1997	76,961	0	58,961	18,000	0	0	0	0
1998	89,787	0	83,487	6,300	0	0	0	0
1999	102,614	0	80,114	13,500	0	9,000	0	0
2000	102,614	0	84,614	18,000	0	0	0	0
2001	128,268	27,000	63,000	18,000	20,268	0	0	0
2002	153,921	36,000	95,421	22,500	0	0	0	0
2003	179,575	49,500	103,075	27,000	0	0	0	0
2004	205,228	58,500	117,028	29,700	0	0	0	0
2005	225,575	56,179	127,351	33,015	9,030	0	0	0
2006	245,922	63,101	145,343	37,478	0	0	0	0
2007	266,270	71,719	148,511	46,040 <sup>a/</sup>	0	0	0	0
2008	286,617	69,610	151,285	65,722	0	0	0	0
2009	306,964	81,346	159,788	60,310	0	0	5,520	0
2010	327,311	93,719	158,570	70,310	0	0	4,712	0
2011	347,658	101,490	161,070	50,657	0	19,441	0	15,000 <sup>c/</sup>
<b>Total</b>	<b>3,160,726</b>	<b>708,164</b>	<b>1,801,752</b>	<b>516,532</b>	<b>29,298</b>	<b>28,441</b>	<b>10,232</b>	<b>66,307</b>

Source: FAS/Seoul

a/ Thai suppliers delivered only 8,470 MT of the total contracted amount

b/ India

c/ Myanmar

Korea: Foreign Exchange Rate (Korean Won against US\$)		
Month	CY 2011	CY 2012
January	1,119	1,144
February	1,119	1,123
March	1,120	1,126
April	1,085	1,129 <sup>a/</sup>
May	1,083	Na
June	1,080	Na
July	1,058	Na
August	1,073	Na
September	1,120	Na
October	1,152	Na
November	1,131	Na

December	1,147	Na
Average	1,107	Na

Source: Global Financial Service

a/ an average for April 1-9, 2012