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Report Highlights:

Rice production in Korea is forecast to be gradually down in marketing year (MY) 2023/24 on reduced acreage in response to government incentives encouraging farmers to switch to other grains, such as wheat and soybean. Wheat production in 2023 has benefited from this policy and increased to a 40-year high, but still short of the original government target. Annual imports and consumption of grain and feed have been stable, except for rice imports. While Korea will maintain the volume of rice import contracts under the tariff rate quota scheme in calendar year 2023, imports in MY 2022/23 will be reduced due to the slow pace of filling the 2023 quota. Market share of U.S. corn continues to fall because of price competition, reaching its lowest level since MY 2012/13, at 9 percent for feed corn and 7 percent overall while the sources of Korea's feed corn imports are becoming increasingly diverse.

Contents

Executive Summary

- Total wheat production in Marketing Year (MY) 2023/24 in Korea is forecast to reach a 40-year high of 46,000 metric tons (MT) supported by government incentives, up 34 percent from the prior year.
- Total wheat imports in MY 2023/24 are expected to remain at 4.5 million metric tons (MMT). In MY 2022/23, total wheat imports maintained 4.5 MMT, with diversification of suppliers particularly for feed wheat.
- The market share of Eastern European and Russian feed wheat in MY 2022/23 dropped to 11 percent, down from 85 percent in MY 2021/22, with most of the share filled by Australia, which increased from 16 percent in MY 2021/22 to 69 percent in MY 2022/23.
- Total MY 2023/24 corn consumption in Korea is forecast at 11.3 MMT, led by stable demand for feed corn, which accounted for 43 percent of feedstock in total compound feed production. Accordingly, the MY 2023/24 total corn imports are also projected to be flat at 11.4 MMT.
- The U.S. corn market share in MY 2022/23 dropped to 7 percent, a further reduction from 13 percent in MY 2021/22 and 32 percent in MY 2021/22. This trend is primarily due to the higher price of U.S. corn compared to alternative suppliers, mainly in South America, and is expected to remain at similar levels in the future.
- Marketing year (MY) 2023/24 rice production is forecast at 3.68 million metric tons (MMT) (milled basis), 2 percent down from the previous year on reduced planted area in response to government incentives to reduce rice production due to continuously decreasing per capita consumption.
- Korea's MY 2023/24 rice imports are expected to reach 0.48 MMT due to late deliveries from the slow awarding of the 2023 tariff rate quotas (TRQ) being shifted from MY 2022/23. Accordingly, rice imports in MY 2022/23 will be temporarily reduced to 0.27 MMT, but Korea will maintain its WTO commitment of 0.41 MMT annual rice import volume under the TRQ scheme.

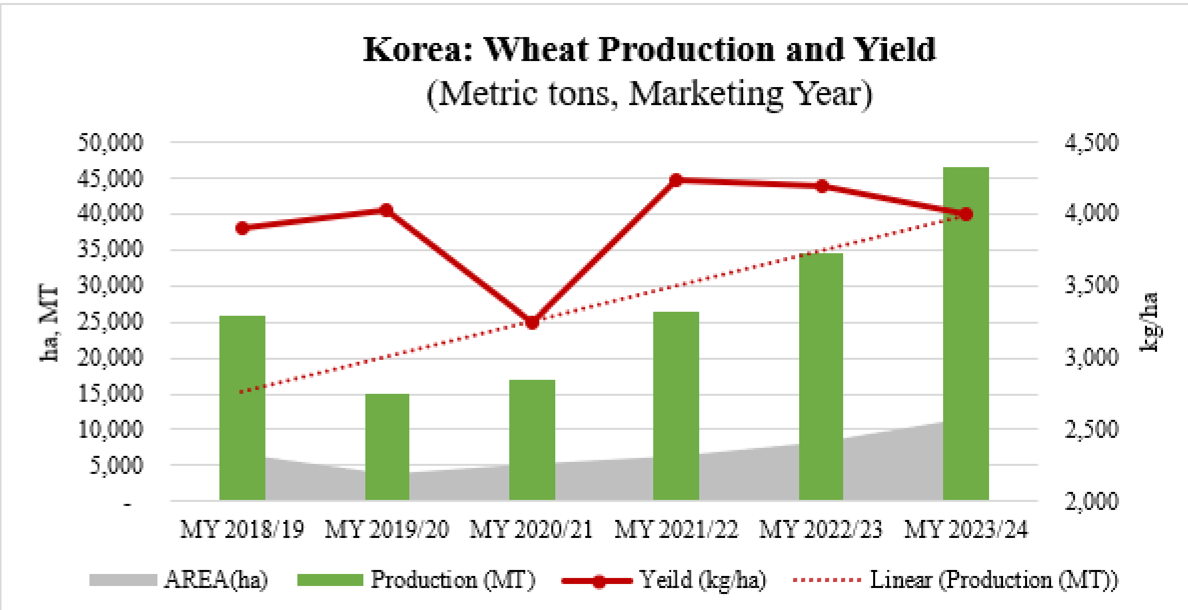
Wheat

Wheat Production

MY 2023/24 (July 1-June 30) wheat production is forecast to reach 46,000 metric tons (MT), based on the planting result survey released by Statistics Korea (KOSTAT) in June 2023, which was the highest since 1983 but still short of the government's intention to increase to 60,000 MT. As of spring 2023, the MY 2023/24 wheat production was expected to reach the government target, however, due to unfavorable weather conditions in the growing season – frost damage in April followed by heavy rainfall and wind in May – the final production is revised down from the initial forecast.

In December 2022, the Ministry of Agriculture, Food and Rural Affairs (MAFRA) announced its target to increase Korea's food self-sufficiency rate, including raising wheat from 1 percent in MY 2021/22 to 10 percent by 2030 by various ranges of producer incentives and promotions to increase domestic wheat demand. Please see the press release for details 'MAFRA Devised Detailed Action Plan to Increase Domestic Wheat Self-sufficiency Rate' (released on March 8, 2023). As the Korean government has supported the production on a long-term basis, production will be gradually increased in coming years but not at a rapid pace due to the price barrier for domestic wheat in the commercial market. In 2022 the government purchase price of domestic wheat was 975 Korean won per kg ($722/MT, for regular wheat with good grade), which was two or three times more expensive than imported wheat, discouraging manufacturers from using domestic wheat.

Figure 1 - Korea: Wheat Production and Yield



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

Wheat Consumption

Post Seoul forecasts total wheat consumption in MY 2023/24 will remain at 4.1 million metric tons (MMT), despite a slight decrease for feed wheat consumption from the prior year. Food, Seed, and Industrial (FSI) consumption remains steady, ranging between 2.4 and 2.5 MMT for milling wheat, and imported wheat flour and pasta. Strong wheat demand stems from a growing preference for western-style snacks and treats that can be consumed quickly on the go, such as bread and pastries, rather than traditional Korean rice-based meals.

According to The Korea Flour Mills Industrial Association (KOFMIA), the most common wheat flour type in Korea is flour with protein content between 9 and 12 percent, which can be used for all purposes, including noodles. All-purpose wheat accounted for 75 percent of total wheat flour consumption in 2022, while hard wheat flour for bread and soft flour for cake/snacks followed with 16 and 9 percent, respectively.

Figure 2 – Wheel Flour Production

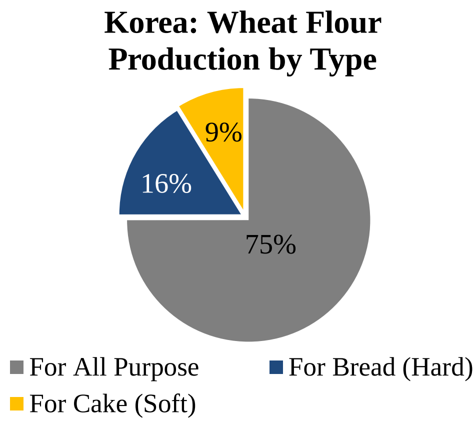


Table 1
Wheat Flour Composition and Use

Korea: Main Features of Wheat Flour by Type		
Type	Protein Contents (Percent)	Main Products
For All Purpose (Plain)	9-12	Noodle, Korean Pancake
For Bread (Hard)	More than 12	Bread, Pizza dough
For Cake (Soft)	Less than 9	Snack, Cookie, Cake

Source: Korea Flour Mills Industrial Association (KOFMIA)

Table 2
Korea: Monthly Wheat Use

Korea: Monthly Wheat Use (1,000 Metric Tons, Marketing Year)						
Month	Feed Wheat			Milling Wheat		
	MY2020/21	MY2021/22	MY2022/23	MY2020/21	MY2021/22	MY2022/23
July	108	122	164	187	188	189
August	90	133	154	175	174	184
September	95	198	136	187	173	169
October	90	232	117	170	186	175
November	93	242	111	173	194	187
December	100	196	111	182	204	187
January	94	155	110	190	186	174
February	94	146	112	163	152	170
March	109	186	157	188	195	180
April	102	182	171	181	196	170
May	107	213	181	183	187	186
June	109	183	176	178	188	188
Total	**1,192**	**2,188**	**1,699**	**2,157**	**2,223**	**2,159**

Source: Korea Feed Association (KFA), Korea Flour Millers Industrial Association (KOFMIA)

Wheat Trade

Post Seoul forecasts total MY 2023/24 wheat imports at 4.5 MMT (including flour and pasta imports on a wheat equivalent basis), slightly down from the MY 2022/23 and MY 2021/22, when imports were exceptionally high due to the price competitiveness of wheat over feed corn. Feed wheat imports in MY 2023/24 will be down, moving towards the previous three-year average.

Milling Wheat

Korean buyers prefer to source from the United States, Australia, and Canada for milling wheat due to the consistent value and quality reputation of those origins, and corresponding customer preferences. FAS/Seoul forecasts MY 2023/24 milling wheat imports will remain at a similar level to the previous years.

Table 3
Korea: Imports of Milling Wheat by Country

Korea: Imports of Milling Wheat by Country (1,000 Metric Tons, Marketing Year)						
Country	Volume			Share (Percent)		
	MY 2020/21	MY 2021/22	MY 2022/23	MY 2020/21	MY 2021/22	MY 2022/23
USA	1,301	1,178	1,162	52	46	44
Australia	1,024	1,149	1,244	41	45	47
Canada	187	224	227	7	9	9
Others	3	5	5	0	0	0
World	**2,517**	**2,559**	**2,640**	**100**	**100**	**100**

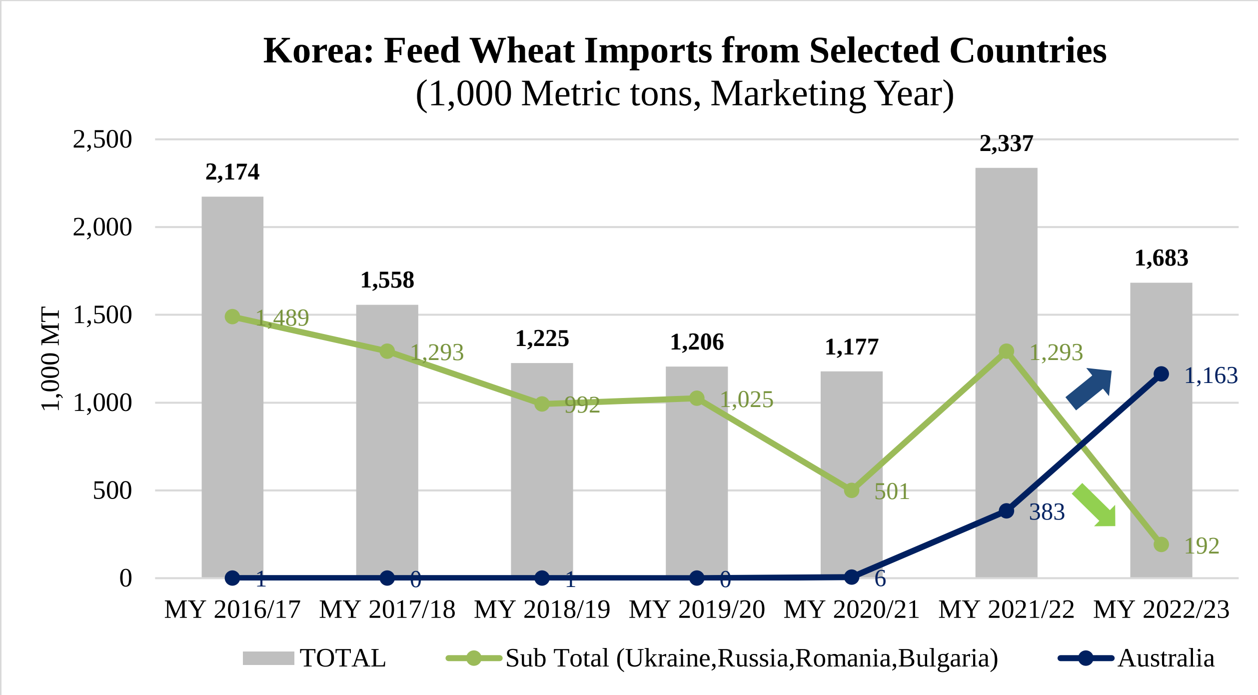
Source: Korea Customs Service (KCS)

Feed Wheat

For feed wheat, Eastern Europe (in particular Ukraine) and Russia used to be the main suppliers with a combined market share of 85 percent in MY 2021/22, but after the Russian invasion of Ukraine, total shipments from these countries decreased to an 11 percent share in MY 2022/23. However, considering the opening of alternative routes via neighboring countries from Ukraine, the market share is expected to gradually recover. So far in MY 2023/24, from July through September, feed wheat imports from those countries reached 164,000 MT, reaching up to 30 percent of total feed wheat imports. In 2022/23, imports from Australia had spiked due to increased feed wheat availability, reaching almost 70 percent share of total feed wheat imports.

Post Seoul forecasts that MY 2023/24 feed wheat imports will be slightly down to 1.6 MMT, primarily due to the higher price versus feed corn. Feed wheat and corn are substitute products, with shares trading off based on price competitiveness in the Korean compound feed market.

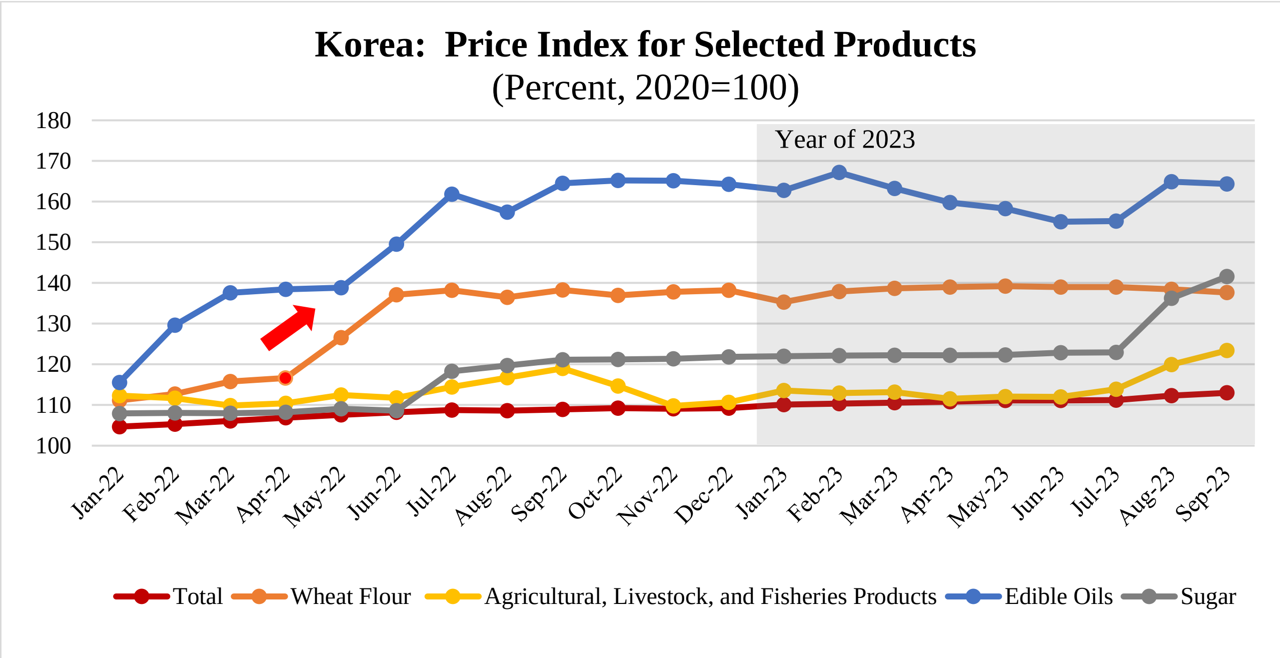
Figure 3 - Korea: Feed Wheat Imports from Selected Countries



<u>Domestic Price</u>

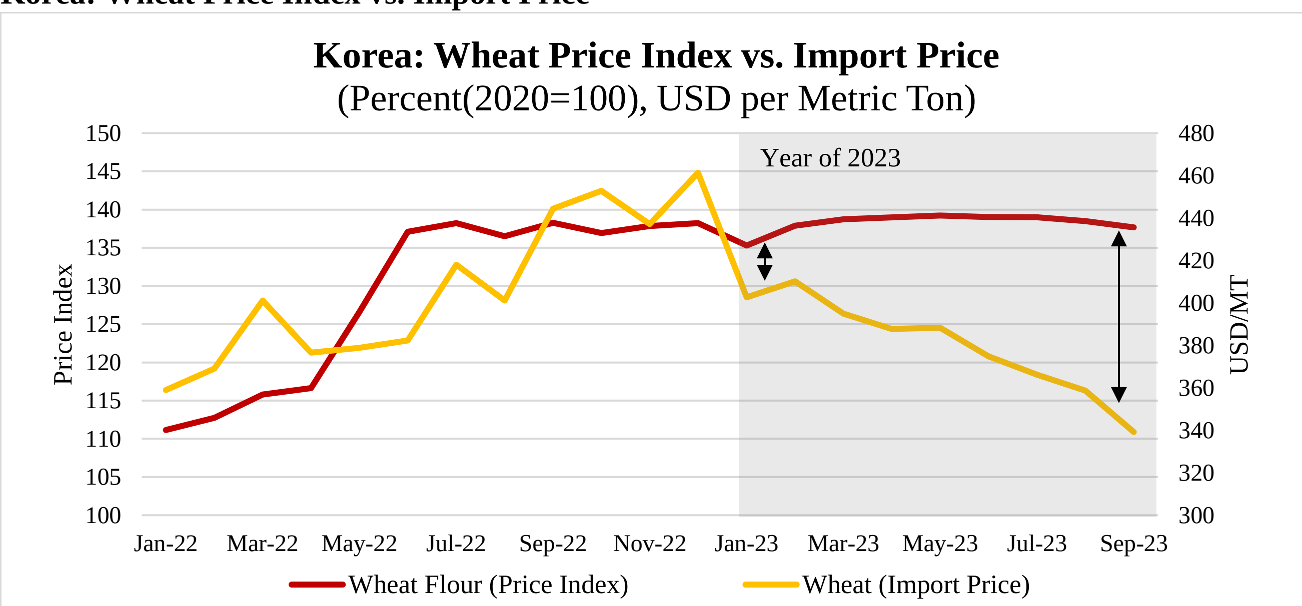
The import price of wheat surged substantially in 2022, from $359 per metric ton in January 2022 to $461 per metric ton in December 2022, with the steepest domestic price increases from April to July 2022. However, since January 2023, import prices have stabilized and there is a widening gap with the price index, which makes the milling companies face government pressure to reduce their sales price. In June 2023, through a meeting with seven milling companies in the flour industry, MAFRA requested proactive participation for stabilizing domestic flour prices. The local industries finally agreed to reduce their sales price from July 2023, but at a very limited level.

Figure 4
Korea: Price Index for Selected Products



Source: Korean Statistical Information Service (KOSIS)

Figure 5
Korea: Wheat Price Index vs. Import Price



Source: Korea Customs Service (KCS), Korean Statistical Information Service (KOSIS)

Flour Trade

FAS/Seoul forecasts MY 2023/24 wheat flour and past imports will remain flat at 20,000 MT and 190,000 MT (wheat equivalent), respectively, with a slight increase trend. Total of wheat flour and pasta exports in MY 2023/24 will be slightly increased from the prior year, driven by the increase of pasta exports, approximately 400,000 MT. Key export markets for Korean instant noodles include China, the United States, Japan, Canada, Philippines, and Taiwan.

Table 4
Korea: Wheat Flour Imports (H.S.: 1101)

Korea: Wheat Flour Imports (H.S.: 1101) (Metric Tons, Marketing Year)					
Country	MY 2018/19	MY 2019/20	MY 2020/21	MY 2021/22	MY 2022/23
USA	362	469	676	1,300	785
Total	18,042	13,498	11,890	14,979	15,263
Total (Wheat Basis[1/])	**24,681**	**18,465**	**16,266**	**20,491**	**20,880**

Source: Korea Customs Service (KCS)
1/ applied converting factor: 1.368

Table 5
Korea: Pasta Imports (H.S.: 190219, 190230, 190240)

Korea: Pasta Imports (H.S.: 190219, 190230, 190240) (Metric Tons, Marketing Year)					
Country	MY 2018/19	MY 2019/20	MY 2020/21	MY 2021/22	MY 2022/23
USA	492	479	637	521	396
Total	116,638	116,753	129,387	131,206	136,659
Total (Wheat Basis[1/])	**159,561**	**159,718**	**177,001**	**179,490**	**186,950**

Source: Korea Customs Service (KCS)
1/ applied converting factor: 1.368

Table 6
Korea: Wheat Flour Exports (H.S.: 1101)

Korea: Wheat Flour Exports (H.S.: 1101) (Metric Tons, Marketing Year)					
Country	MY 2018/19	MY 2019/20	MY 2020/21	MY 2021/22	MY 2022/23
USA	6416	8585	7084	8,297	6,494
Total	42,015	45,460	42,657	46,928	26,365
Total (Wheat Basis[1/])	**57,477**	**62,189**	**58,355**	**64,198**	**36,067**

Source: Korea Customs Service (KCS)
1/ applied converting factor: 1.368

Table 7
Korea: Pasta Exports (H.S.: 190219, 190230, 190240)

Korea: Pasta Exports (H.S.: 190219, 190230, 190240) (Metric Tons, Marketing Year)					
Country	MY 2018/19	MY 2019/20	MY 2020/21	MY 2021/22	MY 2022/23
USA	30,555	38,619	45,968	48,448	45,728
Total	171,719	220,730	242,209	276,231	288,083
Total (Wheat Basis1/)	**234,912**	**301,959**	**331,342**	**377,884**	**394,098**

Source: Korea Customs Service (KCS)
1/ applied converting factor: 1.368

<u>Tariffs</u>

Please refer to the Grain and Feed Annual or 2023 Korea's Adjustment and Quota Tariffs Schedule for 2023 import tariffs.

Table 8
Production, Supply and Distribution: Wheat

Wheat	**2021/2022**		**2022/2023**		**2023/2024**	
Market Year Begins	**Jul 2021**		**Jul 2022**		**Jul 2023**	
Korea, Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	6	6	8	8	15	12
Beginning Stocks (1000 MT)	1,540	1540	1,848	1,582	1,558	1,618
Production (1000 MT)	26	26	32	35	60	46
MY Imports (1000 MT)	5,099	5,095	4,533	4,531	4,300	4,480
TY Imports (1000 MT)	5,099	5,095	4,533	4,531	4,300	4,480
TY Imports from U.S. (1000 MT)	1,151	1,299	N/A	1,226	N/A	N/A
Total Supply (1000 MT)	6,665	6,661	6,413	6,148	5,918	6,144
MY Exports (1000 MT)	442	442	430	430	450	440
TY Exports (1000 MT)	442	442	430	430	450	440
Feed and Residual (1000 MT)	2,000	2,188	2,000	1,699	1,400	1,580
FSI Consumption (1000 MT)	2,375	2,449	2,425	2,401	2,450	2,480
Total Consumption (1000 MT)	4,375	4,637	4,425	4,100	3,850	4,060
Ending Stocks (1000 MT)	1,848	1,582	1,558	1,618	1,618	1,644
Total Distribution (1000 MT)	6,665	6,661	6,413	6,148	5,918	6,144
Yield (MT/HA)	4.333	4.333	4.000	4.375	4.000	3.833

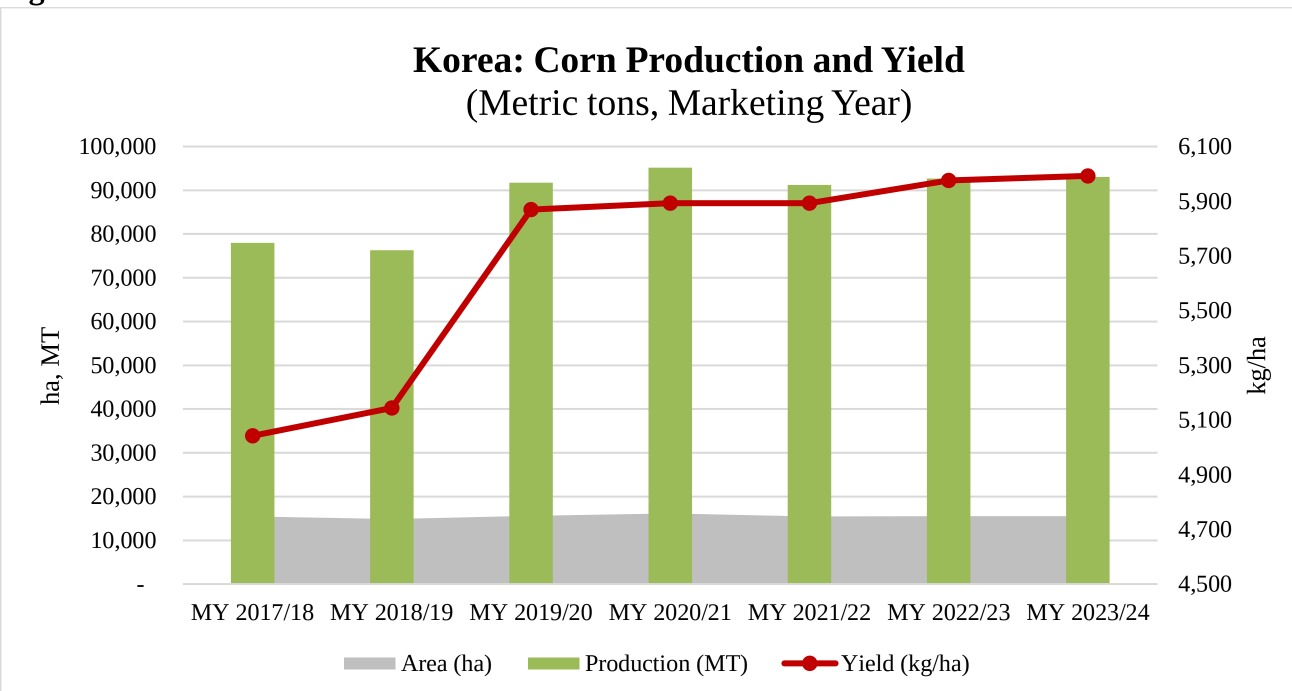
(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Wheat begins in July for all countries. TY 2022/2023 = July 2022 - June 2023

Corn

Corn Production

FAS/Seoul forecasts MY 2023/24 (October 1-September 30) corn production to be unchanged at 90,000 MT. Corn production is minimal in Korea and accounts for less than 1 percent of total consumption.

Figure 6 - Korea: Corn Production and Yield



Source: Ministry of Agriculture, Food, and Rural Affairs (MAFRA), Statistics Korea (KOSTAT)
Note: MY 2022/23 and MY 2023/24 are FAS/Seoul forecast based on average acreages and yields over the previous three years.

Corn Consumption

Total corn consumption in MY 2023/24 is projected to be flat at 11.3 MMT and unchanged from the previous report.

In MY 2022/23, total corn consumption was maintained at 11.2 MMT with an increased feed consumption more than offsetting reduced Food, Seed, and Industrial (FSI) consumption (Table 9, 16). Compound feed consumption has been flat at 21 MMT annually, with feed corn maintaining a 43 percent share of overall composition. The biggest portion of total compound feed production is intended for swine, followed by cattle and poultry. Increasing feed corn consumption is in line with the decrease in feed wheat consumption, resulting from the relatively high price of feed wheat.

Table 9
Korea: Feed Ingredients Use for Compound Feed Production

Korea: Feed Ingredients Use for Compound Feed Production (1,000 Metric Tons, Marketing Year)					
Items		MY 2019/20	MY 2020/21	MY 2021/22	MY 2022/23
Grains and Grain Substitutes	Corn	9,503	9,432	8,989	9,108
	Wheat	1,209	1,351	2,189	1,768
	Others	2,771	2,581	2,547	2,348
	Sub-Total	13,482	13,364	13,725	13,224
Vegetable Protein	Soybean Meal 1/	2,465	2,310	2,249	1,996
	Palm Kernel Meal	876	912	953	978
	DDGS	1,085	1,056	1,070	1,076
	Others	845	934	1,089	1,333
	Sub-Total	5,272	5,211	5,361	5,384
Animal Protein	Sub-Total	221	214	217	209
Others	Sub-Total	2,029	2,013	2,167	2,172
Grand Total		**21,004**	**20,803**	**21,470**	**20,988**

Source: Korea Feed Association (KFA)
1/ include locally processed de-hulled soybean meal

Table 10
Korea: Compound Feed Production Comparison by Species

Korea: Compound Feed Production Comparison by Species (1,000 Metric Tons, Calendar Year)					
Species	2018	2019	2020	2021	2022
Poultry	5,953	6,196	6,260	6,014	6,114
Swine	6,554	6,850	6,921	6,932	7,032
Cattle	5,833	5,979	6,258	6,615	6,884
Others	1,495	1,510	1,527	1,367	1,383
Total	**19,836**	**20,536**	**20,966**	**20,929**	**21,414**

Source: Ministry of Agriculture, Food, and Rural Affairs (MAFRA)
Note: Above are production numbers, which may differ from the usage number

Types of Corn for Processing

Korean corn processors use Genetically Engineered (GE) corn, non-biotech Identity Preserved (IP) corn, and conventional (non-GE) corn to produce corn starch, high fructose corn syrup (HFCS), and corn flour. GE corn is used for starch production for industrial purposes such as paper sizing and glue. Non-GE IP corn and conventional corn is used for food use corn starch and corn flour. The perceived public concern over biotechnology continues to influence imported processing corn decisions, especially for corn used in production intended for human consumption (such as HFCS and corn oil). Many food processing companies are reluctant to use ingredients derived from biotech corn to avoid these perceived public concerns.

Corn Trade

FAS/Seoul forecasts that total MY 2023/24 corn imports will reach 11.4 MMT, slightly increased from the prior year but unchanged from the previous report. In contrast to the market situation in MY 2021/22, when the import of feed corn was dramatically reduced due to high prices, the MY 2022/23 feed corn price has been gradually down, making it more competitive than feed wheat (Table 13).

The U.S. share of the total corn imports significantly dropped from 32 percent in MY 2020/21 to 7 percent in MY 2022/23, primarily due to the price competitiveness of South American corn (Figure 8). According to local industry contacts, feed corn buyers finished purchasing for January 2024 delivery to Korea mostly from South American origins due to the relatively low price. However, in general, as feed corn delivery from the United States to Korea has been concentrated into April to July and due to expected rising concerns over logistics (including severe congestion in loading ports) of South American corn within these periods, it is expected that Korean buyers are likely to consider the United States as their country-of-origin option despite of higher price for the future contract, preventing further drop of the U.S. share of the total imports in MY 2023/24.

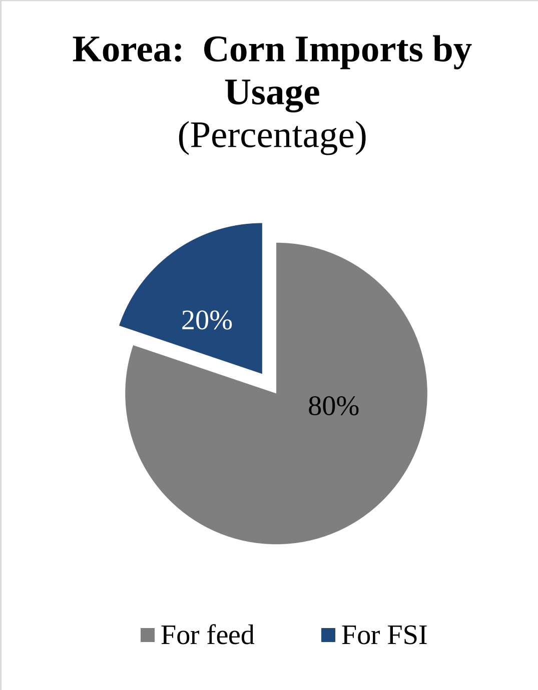
While total corn imports in MY 2022/23 were down 4 percent from the prior year, total domestic use remained at the previous year's level, suggesting there was no significant reduction in real demand. Above average ending stocks in recent years have allowed Korea to reduce imports without any critical impact on the corn market.

Table 11
Korea: Total Corn Imports by Country

Korea: Total Corn Imports by Country (1,000 Metric Tons, Marketing Year)						
Country	For Processing			For Feed		
	MY 2021/22	MY 2022/23	Change	MY 2021/22	MY 2022/23	Change
Brazil	319	251	-68	1,230	2,769	1,539
Romania	216	275	60	119	539	421
USA	152	30	-122	1,319	795	-524
(Percent of Total)	*(7%)*	*(1%)*	*(-6%p)*	*(14%)*	*(9%)*	*(-5%p)*
Serbia	293	10	-283	0	9	9
South Africa	107	53	-54	227	392	165
Bulgaria	358	20	-338	0	0	0
Argentina	0	0	0	5,698	3,259	-2,439
Others	85	79	-5	27	567	540
Sub Total	1,529	719	-810	8,620	8,330	-290
Ukraine	518	1,208	690	590	680	90
Russia	175	132	-42	79	30	-49
Sub Total	693	1,340	647	669	710	42
World	**2,221**	**2,059**	**-163**	**9,289**	**9,040**	**-248**

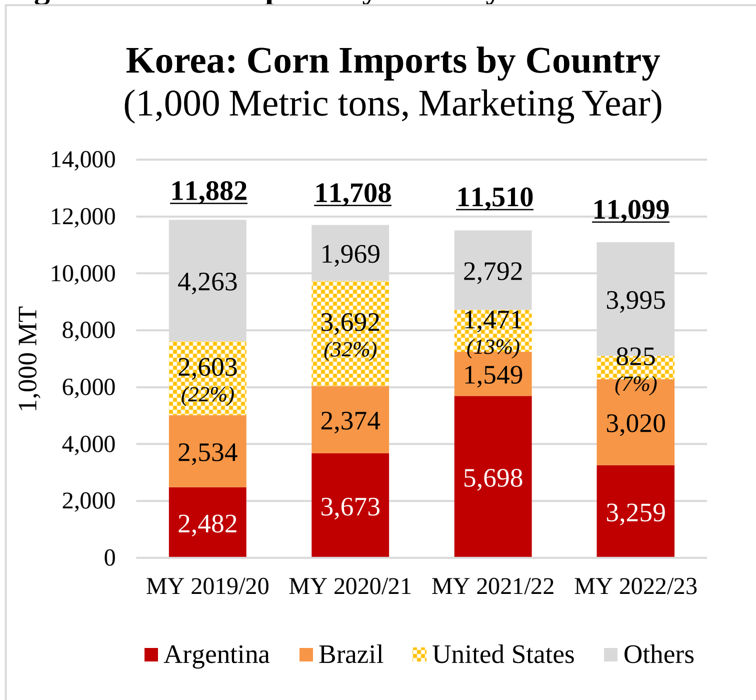
Source: Korea Customs Service (KCS)

Figure 7 - Corn Imports by Usage



Source: Korea Customs Service (KCS)

Figure 8 - Corn Imports by Country



Source: Korea Customs Service (KCS)

Table 12
Korea: Corn Imports Price by Country

Korea: Corn Imports Price by Country (U.S. Dollars per Metric Ton, Marketing Year)					
Country	Total				
	MY 2020/21	MY 2021/22	MY 2022/23		
				Change (Percent)	
				From MY 20/21	From MY 21/22
Ukraine	342	358	341	0	-5
Argentina	241	342	340	41	-1
Brazil	215	332	335	56	1
South Africa	272	367	319	17	-13
USA	249	389	345	39	-11
World	**244**	**352**	**338**	**38**	**-4**

Source: Korea Customs Service (KCS)

<u>FSI (Food, Seed, and Industrial) Corn</u>

Korean buyers import GE corn from the United States and South America, and Non-GE corn from Eastern Europe and the United States. Despite of Russia's withdrawal from the Black Sea Grain Initiative in July 2023, Korea's import volume of Black Sea corn has been maintained by alternative routes for grain via neighboring counties (Romania) and other suppliers in Eastern Europe (including Serbia and Bulgaria).

Korea introduced a positive list system (PLS) as part of a new maximum residue limit (MRL) regulation in 2019, requiring all agricultural chemicals used on plant products to have registered import tolerances. Concerns over PLS complications and risks had made the U.S. share of total FSI corn imports significantly decrease to 1.5 percent in MY 2022/23. On August 31, 2023, the Ministry of Food and Drug Safety increased the import tolerance of Malathion (from 0.03 to 0.2ppm). Nonetheless, the price competitiveness of alternative origins has kept interest in U.S. corn low.

Feed Corn

The top three suppliers of feed corn to Korea (Argentina, Brazil, and the United States) generally account for 90 percent of total feed corn imports, with annual variation based primarily on price differences. However, due to decreased imports from Argentina and the United States, the share from these top three suppliers in MY 2022/23 fell to 75 percent, being replaced by other suppliers, such as Eastern Europe, Paraguay, and South Africa. The high price of U.S. feed corn compared to other countries of origin has made the U.S. market share in MY 2022/23 decline further to 9 percent, down from 14 percent in MY 2021/22. Buyer preference for the lower ratios of broken corn and foreign material (BCFM) in South American corn contributed to this shift, but this factor was secondary to price.

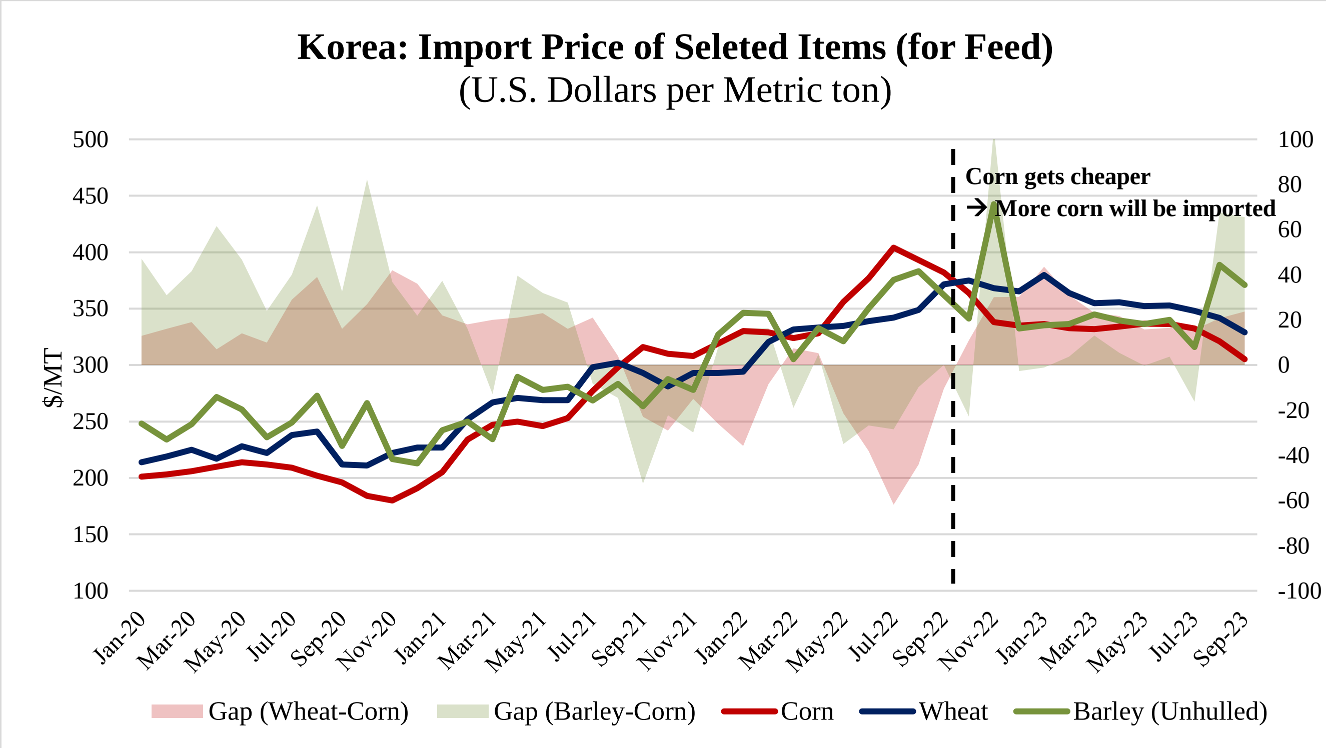
In MY 2022/23, Korea imported more than 56,000 MT of un-hulled barley for feed usage, more than double the annual volume from the previous two years. Barley can replace some portion of feed grain (mainly for corn and wheat), but only for certain species (horses and cattle). Therefore, increased barley use will have only a limited impact on total feed corn imports.

Table 13
Korea: Imports of Selected Items (For Feed)

Korea: Imports of Selected Items (For Feed) (U.S. Dollars per Metric Ton, Metric Tons, Marketing Year)						
Item	Unit Price			Volume		
	MY2020/21	MY2021/22	MY2022/23	MY2020/21	MY2021/22	MY2022/23
Corn (For Feed)	238	347	335	9,422,428	9,288,812	9,040,453
Wheat (For Feed)	242	309	361	1,177,217	2,336,849	1,682,651
(Wheat/Corn)	*102%*	*89%*	*108%*	*12%*	*25%*	*19%*
Barley (Un-hulled)	253	340	338	25,607	26,697	56,597
(Barley/Corn)	*106%*	*98%*	*101%*	*0%*	*0%*	*1%*

Source: Korea Customs Service (KCS)

Figure 9 - Korea: Import Price of Selected Items (for Feed)

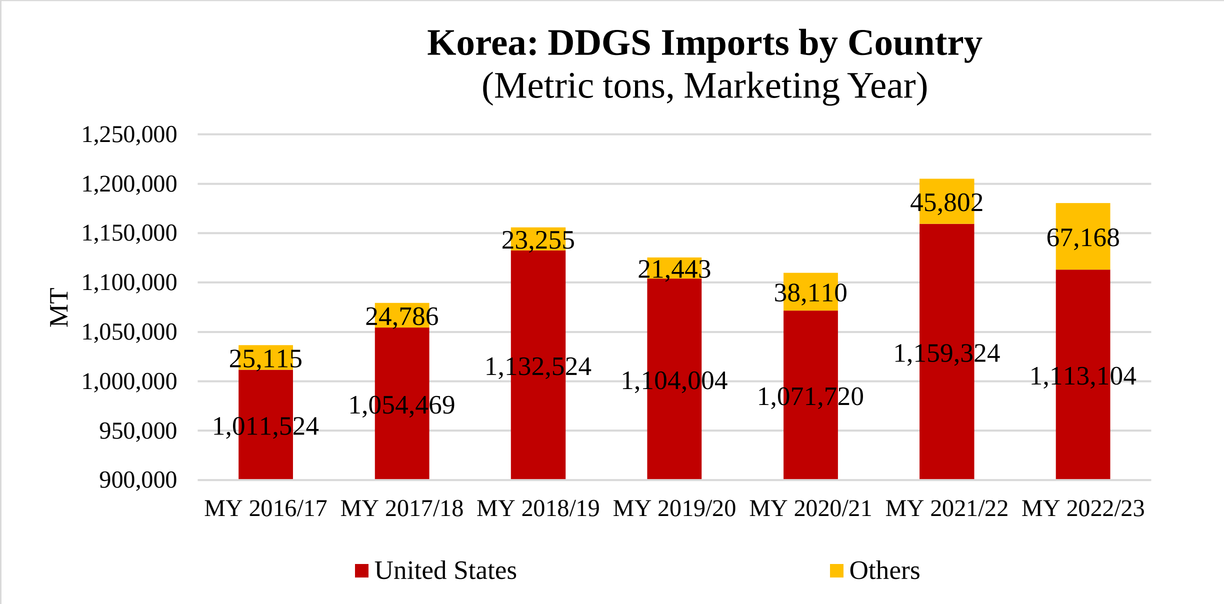


Source: Korea Customs Service (KCS)

<u>DDGS (Distillers Dried Grains with Solubles)</u>

In 2022, Korea was the number 2 export market for U.S. DDGS, and has ranked consistently in the top three since 2018. Korean buyers have been heavily relying on the U.S. DDGS over the years, with 96 percent market share. However, alternative suppliers, in particular Brazilian DDGS, were introduced in early 2023, resulting in a slightly decreased market share for the United States. As Korean buyers perceive the superior quality of DDGS from the United States, there is unlikely to be a dramatic change in the market share in the future. The Korean market for DDGS is one of the industries with expected high growth in Korea, with benefits from its price competitiveness over soybean meal and nutritional benefits.

Figure 10 - Korea: DDGS Imports by Country



Source: Korea Customs Service (KCS)

Tariffs

Please refer to Grain and Feed Annual or 2023 Korea's Adjustment and Quota Tariffs Schedule for 2023 import tariffs. There is no change in the tariff rate for corn in CY 2023, but the volume of the annual autonomous TRQ may be slightly changed in 2024, which has not been announced yet.

Under the KORUS FTA, the duty on U.S. feed corn immediately fell to zero in 2012. If imports of U.S. corn claim the KORUS preferential duty, those imports do not count against the global autonomous TRQ of 11 MMT. Since 2019, tariffs were completely phased out on U.S. corn for food processing, and the duty fell to zero.

Table 14
Korea: Corn Import Tariff Rates for CY 2023

<table>
<tr><th colspan="7">Korea: Corn Import Tariff Rates for CY 2023
(Percent)</th></tr>
<tr><td colspan="2" rowspan="3">Commodity</td><td colspan="4">In-Quota</td><td rowspan="2">Out-of-Quota Bound Tariff Rate</td></tr>
<tr><td colspan="2">WTO Current Market Access Quota</td><td colspan="2">Autonomous Quota</td></tr>
<tr><td>Volume</td><td>percent</td><td>Volume</td><td>percent</td><td>percent</td></tr>
<tr><td>Feed Corn</td><td>1005.90.1000</td><td rowspan="2">6,102,100 MT</td><td>1.8</td><td>11 MMT</td><td>0</td><td>328</td></tr>
<tr><td>Processing Corn</td><td>1005.90.9000</td><td>3</td><td>2.15 MMT</td><td>0</td><td>328</td></tr>
</table>

Table 15
Production, Supply and Distribution: Corn

Corn	**2021/2022**		**2022/2023**		**2023/2024**	
Market Year Begins	**Oct 2021**		**Oct 2022**		**Oct 2023**	
Korea, Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	16	16	16	15	16	15
Beginning Stocks (1000 MT)	2,018	2,018	2,056	2,300	1,898	2,261
Production (1000 MT)	88	91	92	90	91	90
MY Imports (1000 MT)	11,510	11,510	11,600	11,099	11,800	11,440
TY Imports (1000 MT)	11,510	11,510	11,600	11,099	11,800	11,440
TY Imports from USA (1000 MT)	1,376	1,471	0	825	N/A	N/A
Total Supply (1000 MT)	13,616	13,619	13,748	13,489	13,789	13,791
MY Exports (1000 MT)	0	3	0	0	0	0
TY Exports (1000 MT)	0	3	0	0	0	0
Feed and Residual (1000 MT)	9,219	8,989	9,500	9,108	9,500	9,220
FSI Consumption (1000 MT)	2,341	2,327	2,350	2,120	2,350	2,070
Total Consumption (1000 MT)	11,560	11,316	11,850	11,228	11,850	11,290
Ending Stocks (1000 MT)	2,056	2,300	1,898	2,261	1,939	2,501
Total Distribution (1000 MT)	13,616	13,619	13,748	13,489	13,789	13,791
Yield (MT/HA)	5.50	5.69	5.75	6.00	5.69	6.00

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Corn begins in October for all countries.
TY 2022/2023 = October 2022 - September 2023

Table 16
Korea: Monthly Processing Corn Use

Korea: Monthly Processing Corn Use (Metric Tons, Marketing Year)						
	MY 2021/22			MY 2022/23		
	Wet Milling	Dry Milling	Total	Wet Milling	Dry Milling	Total
October	181,663	5,338	187,001	166,977	5,451	172,427
November	178,061	5,589	183,650	173,100	5,415	178,515
December	186,831	5,867	192,698	156,779	5,357	162,136
January	182,357	5,690	188,047	154,328	5,342	159,670
February	168,568	5,277	173,846	150,620	5,275	155,895
March	189,662	5,145	194,806	160,788	5,415	166,203
April	179,459	6,436	185,895	159,359	4,984	164,343
May	191,860	5,978	197,838	166,626	5,178	171,804
June	187,129	5,371	192,500	164,776	5,863	170,639
July	188,508	4,878	193,386	170,130	5,129	175,259
August	171,422	4,556	175,979	164,525	5,426	169,951
September	150,261	5,077	155,338	N/A	N/A	N/A
Total	**2,155,782**	**65,202**	**2,220,984**	**N/A**	**N/A**	**N/A**

Source: Korea Corn Processing Industry Association (KOCPIA)

Milled Rice

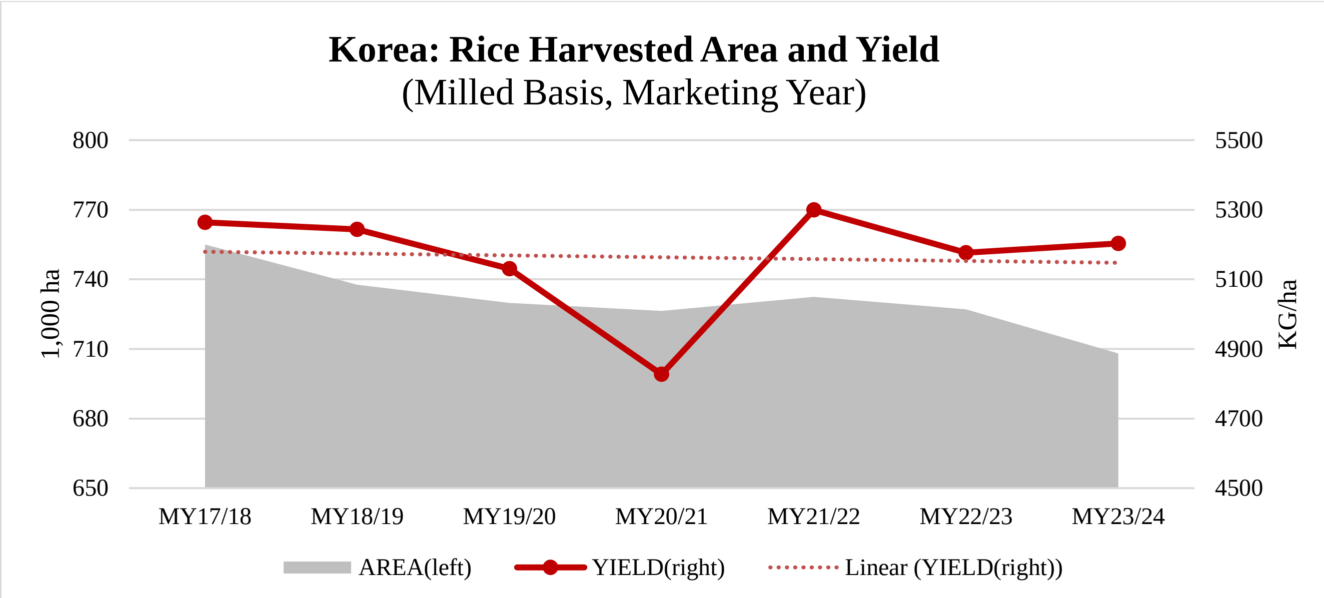
Rice Production

In MY 2023/24 (November 1-October 30), rice production is forecast to reach 3.68 MMT (milled basis) based on a nationwide survey result of 6,300 rice fields conducted September 11-20, 2023, by Statistics Korea (KOSTAT). Reduced rice production is the result of intentionally reduced planted area, which fell 2.6 percent to 708,000 hectares, while yield increased slightly over MY 2022/23. Nonetheless, this year's lower rice acreage still fell short of the government's target of 690,000 ha, which would have been a 37,000 ha (5 percent) reduction from MY 2022/23. Statistics Korea will release a final estimate of rice production during the middle of November, after the rice harvest is complete.

Due to continuously decreasing per capita rice consumption, as well as declining population, the Korean government has introduced incentives for farmers to switch from rice to other crops, including soybean and wheat. Additionally, the ROKG has been encouraging the production of a new rice variety suitable for use in flour (as a substitute for wheat) to increase the self-sufficiency rate of food grains. The government announced that it aims to increase acreage for rice for flour from 2,000 ha in 2023 to 42,000 ha by 2027 (200,000 MT of rice for flour). In 2024, the targeted area for rice for flour is 10,000 ha. The government plans to allocate funding in 2024 to foster the rice flour industry by supporting research and development of new products and building up the specialized production complex. According to an August 2023 announcement, MAFRA seeks a 3.2 percent increase in its 2024 budget total to 18.3

trillion Korean won ($24 billion), allocating 37 billion Korean won ($28 million) toward fostering the rice for flour industry.

Figure 11 - Korea: Rice Harvested Area and Yield



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

Table 17
Korea: 2023 Rice Production Forecast

Korea: 2023 Rice Production Forecast (Milled Basis)			
	2022 Rice Production	2023 Rice Production Forecast[1/]	Change
Area (1,000 ha)	727	708	-2.6%
Yield (kg/ha)	5,177	5,203	0.5%
Production (1,000MT)	3,764	3,684	-2.1%

1/ KOSTAT Survey for September 11-20, 2023

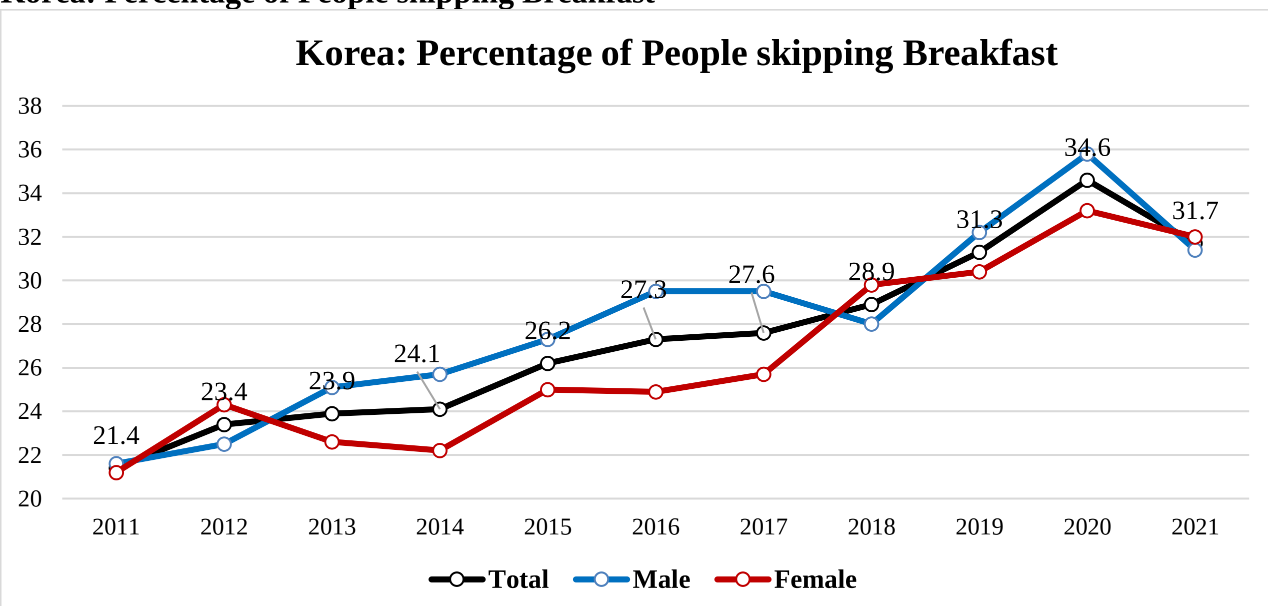
Rice Consumption

Post Seoul forecasts that MY 2023/24 total rice consumption will be unchanged from the previous report at 3.86 MMT.

Per capita consumption of table rice has been decreasing due to the younger generations reducing their carbohydrate intake and increasingly westernized eating habits. Overall demographic changes, such as increased per capita income, and a population that has been declining since 2019, have further reduced total rice consumption. The gluten-free trend internationally makes rice flour a promising industry, and rice for processing has benefited from this trend not only for the domestic market but also for the export market. For further details regarding the increased demand of processing rice in Korea, please see the [June 2023 Grain and Feed Update](#).

According to the National Health and Nutrition Survey conducted by the Korea Disease Control and Prevention Agency (KDCA), the percentage of Koreans skipping breakfast reached 31.7 percent in 2021. Notably, the 19-29 age group reported skipping breakfast 53 percent of the time in 2021, the highest age group out of recipients. Considering that breakfast accounts for 20-25 percent of per capita consumption of table rice, the Korean government has expanded the ‘1,000 Won ($0.80) Breakfast’ subsidy for university students. On May 2023, MAFRA announced that it increased its budget to feed into more universities, tripling the number of participants from the initial plan of 41 to 145 universities, with a student population of 2.34 million. The Korean government has also planned to provide more opportunities for collaborating with the convenience stores, such as with a discounted lunch box and with voluntary participation from local governments.

Figure 12
Korea: Percentage of People skipping Breakfast



Source: The National Health and Nutrition Survey conducted by the Korea Disease Control and Prevention Agency (KDCA)

On September 14, 2023, MAFRA announced that more than 12 different products using rice flour had been launched to the market, and the Ministry expects to introduce more products in the future to further foster the new rice for flour industry in Korea (See Appendix Table 26).

Table 18
Korea: Rice Consumption Pattern

Korea: Rice Consumption Pattern (1,000 Metric Tons, Milled Basis)					
Rice Year (November – October)	**MY2020/21**	**MY2021/22**	**MY2022/23 a/**	**MY 2023/24 a/**	Change(%)
Table Rice	2,940	2,923	2,873	2,823	-1.7
Processing	680	691	702	713	1.6
(For food)	527	536	542	553	2.1
(For liquor)	153	156	160	160	0.0
Feed	-	-	7	-	N/A
Seed	32	32	32	32	0.0
Other and Loss	493	290	290	290	0.0
Total Demand	4,145	3,937	3,904	3,859	-1.2
Per Capita Table Rice Consumption (KG)	56.9	56.7	55.6	54.5	-2.0

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)
a/ FAS/Seoul Forecast

Rice Trade

In accordance with WTO commitments, Korea imports 0.41 MMT of rice annually on a Most Favored Nation (MFN) basis at the current duty level of 5 percent under the TRQ regime implemented in 2015. At the end of 2019, Korea allocated 0.39 MMT of country specific quota (CSQ) within the TRQ for five trading partners (the United States, China, Vietnam, Thailand, and Australia) following negotiations to resolve a WTO dispute on rice tariffication. The remaining 0.02 MMT is allocated on an MFN basis and is also available to the five countries with CSQs. Tariffs outside the quota remain prohibitively high at 513 percent.

Due to the slow pace of filling the 2023 CSQ this year, particularly from China, MY 2022/23 rice imports are forecast to decrease to 0.27 MMT, with the remaining 2023 CSQ amount shifting into MY 2023/24, which will increase to 0.48 MMT. As the latest awarded volume of approximately 100,000 MT of Chinese rice under the 2023 WTO quota is expected to be delivered between November 2023 to March 2024, these volumes are carried over to MY 2023/24 imports. As of October 18, the U.S. rice awarded volume is 4,950 MT out of the 132,304 MT CSQ, which fell behind from the total average. Korea Agro-Fisheries and Food Trade Corporation (aT), which manages the TRQ scheme, plans to announce more opportunities to allocate the remaining U.S. CSQ during this calendar year. \

Table 19
Korea: Rice Import by Country

Korea: Rice Import by Country (Metric Tons, Milled Basis)					
Country	MY2019/20	MY2020/21	MY2021/22		MY2022/23
			Total	Nov-Sep	Nov-Sep
USA	144,729	142,294	97,030	91,545	45,097
China	208,444	147,790	212,197	192,197	77,197
Thailand	14,323	42,671	35,600	23,000	48,233
Australia	-	360	22,793	18,835	20,636
Vietnam	98,112	65,225	80,112	69,112	49,111
Others	-	-	5	5	3
Total	**465,609**	**418,352**	**447,737**	**394,694**	**240,277**

Source: Korea Customs Service (KCS)

Table 20
Korea: 2023 WTO Rice TRQ Contracts Status by Country

Korea: 2023 WTO Rice TRQ Contracts Status by Country (Metric Tons, Milled Basis, as of 17 October 2023)				
Country	Allocated TRQ	Contracts	Open	Contractual Rate (%)
USA	132,304	4,950	127,354	3.7
China	157,195	157,195	0	100.0
Vietnam	55,112	34,212	20,900	62.1
Thailand	28,494	28,494	0	100.0
Australia	15,595	15,595	0	100.0
MFN	20,000	0	20,000	0.0
Total	**408,700**	**240,446**	**168,254**	**58.8**

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

Market Distribution of Imported Table Rice (aT Auctions)

Under the TRQ scheme, aT continues to sell imported table rice to consumer distribution channels on a weekly basis through a public auction system (www.atbid.co.kr). aT distributes imported processing rice directly to end-users, such as food processors and alcoholic beverage producers, at a set price throughout the year. Considering the sensitivity during the harvest season, aT temporarily reduced the weekly auction volume from 700 MT to 200 MT from the beginning of October.

The weekly auction of U.S. rice under the 2021 TRQ started in June 2023, but the sales have been slow due to the higher selling price of U.S. rice, which was unusually expensive due to a drought in California and limited availability at the time of aT's purchase. As more time goes by since the 2021 crop, it has become increasingly difficult for aT to auction off the U.S. 2021 TRQ rice.

Table 21
Korea: Status of aT Selling Auctions for Table Rice under 2023 TRQ

Korea: Status of aT Selling Auctions for Table Rice under 2023 TRQ (Metric Tons, Milled Basis, as of October 17, 2023)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price[1/]
U.S. Medium Grain	#1	0	0	0	0	N/A
Thai Long Grain (Sep. 11, 2023, ~)	#1	2,900	459	2,441	16	1,980
Vietnamese Long Grain	#1	0	0	0	0	N/A
Total	**-**	**2,900**	**459**	**2,441**	**16**	**N/A**

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)
1/ Weighted average in Korean Won per Kg

Table 22
Korea: Status of aT Selling Auctions for Table Rice under 2022 TRQ

Korea: Status of aT Selling Auctions for Table Rice under 2022 TRQ (Metric Tons, Milled Basis, as of October 17, 2023)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price[1/]
U.S. Medium Grain	#1	10,000	0	10,000	0	N/A
Thai Long Grain (Jul. 4, 2022, ~)	#1	3,000	2,903	97	97	1,416
Vietnamese Long Grain (Apr. 24, 2023, ~)	#1	1,000	793	207	79	1,801
Total	**-**	**14,000**	**3,696**	**10,304**	**26**	**N/A**

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)
1/ Weighted average in Korean Won per Kg

Table 23
Korea: Status of aT Selling Auctions for Table Rice under 2021 TRQ

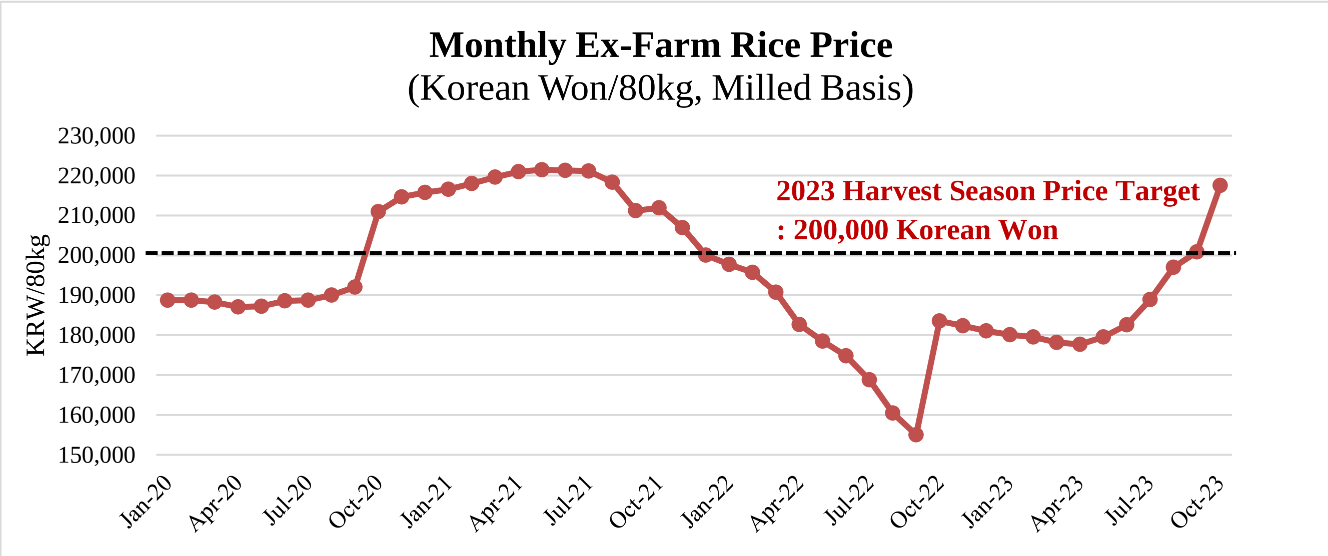
Korea: Status of aT Selling Auctions for Table Rice under 2021 TRQ (Metric Tons, Milled Basis, as of October 17, 2023)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price[1/]
U.S. Medium Grain (Jun. 19, 2023 ~)	#1	41,500	1,706	39,794	4.1	2,252
Thai Long Grain (Aug. 23, 2021 ~Jun. 27, 2022)	#1	1,400	1,400	0	100	1,248
	#1[a/]	100	100	0	100	3,107
Vietnamese Long Grain (Jan. 24, 2022 ~Jul. 6, 2022)	#1	1,000	991	9	99	1,208
Total		**44,000**	**4,197**	**39,803**	**10**	

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)
1/ Weighted average in Korean Won per Kg
a/ Hom Mali

Domestic Price

For the 2023 harvest season, MAFRA has set a rice price target of 200,000 Korean won ($153) per 80kg and is working to maintain that price after reaching it in September 2023. Accordingly, the Ministry announced plans to purchase 400,000 MT of rice this year for reserves to secure the stocks. Of note, over the years, the government purchase has been around 800,000 MT annually: 400,000 MT for public stockpiles, and 400,000 MT for market isolation to stabilize domestic prices. However, due to the decreased production under the government's policy to reduce rice acreage, MAFRA is no longer expected to purchase the additional 400,000 MT of rice for market isolation.

Figure 13 - Monthly Ex-Farm Rice Price



Source: Korean Statistical Information Service (KOSIS)

<u>Exports</u>

Korea has exported about 53,000 MT of rice annually in recent years, primarily for food aid donations under the Food Assistance Convention (FAC) that Korea joined in 2018. In 2023, recipients of Korean food aid through the United Nations World Food Programme (WFP) include Yemen (18,000 MT), Ethiopia (13,000 MT), Kenya (11,000 MT), Syria (3,006 MT), Afghanistan (2,502 MT), and Uganda (2,492 MT). In May 2023, the Korean government released a plan to double annual rice donations for lifesaving WFP operations.

In January 2023, the Korean government announced its plan to establish a 'K-rice belt' across seven African countries to advance current official development assistance (ODA) programs to countries struggling with a lack of agricultural infrastructure. The program has started in 2023 with a pilot production of 2,000 MT of high-yielding Korean rice varieties grown in seven African partner countries, along with technical support and sharing cultivation experience. The K-rice belt target is to reach 10,000 MT of rice for 30 million people by 2027. The Korean government is planning assistance of agricultural equipment to achieve this target. In October 2023, MAFRA announced plans to expand the partnership to nine countries: Senegal, Gambia, Guinea, Ghana, Cameroon, Uganda, Kenya, Guinea-Bissau, and Sierra Leone.

The Korean government is also trying to gradually increase rice donations via APTERR (Association of Southeast Asian Nations (ASEAN) Plus Three Emergency Rice Reserve Agreement) for countries experiencing high levels of food insecurity to strengthen their capacity to respond to food crises. In September 2023, MAFRA announced its plan to provide 2,000 MT of rice to three countries (750 MT to the Philippines, 750 MT to Myanmar, and 500 MT to Laos) this year. It also provided an additional 2,500 MT of rice to Myanmar in May 2023, in response to Myanmar's request for emergency food aid by the damage caused by a typhoon. As of now, Korea is the largest donor country covering 60 percent of the total APTERR rice reserves.

Table 24
Korea: Rice Aids Records and Plan

Korea: Rice Aids Records and Plan (Metric Tons, Milled Basis, Calendar Year)						
Country	2019	2020	2021	2022	2023	
						Portion (%)
Yemen	19,000	19,000	18,000	18,686	18,000	36%
Ethiopia	16,000	16,000	13,680	13,000	13,000	26%
Kenya	10,000	10,000	9,500	11,000	11,000	22%
Uganda	5,000	5,000	4,500	6,000	2,492	5%
Laos	-	-	1,320	1,314	-	0%
Others	-	-	3,000	-	5,508	11%
Total	**50,000**	**50,000**	**50,000**	**50,000**	**50,000**	**100%**

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

Table 25
Production, Supply and Distribution: Rice

Rice, Milled	**2021/2022**		**2022/2023**		**2023/2024**	
Market Year Begins	**Nov 2021**		**Nov 2022**		**Nov 2023**	
Korea, Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	732	732	727	727	708	708
Beginning Stocks (1000 MT)	1,018	1,018	1,334	1,358	1,393	1,430
Milled Production (1000 MT)	3,882	3882	3,764	3764	3,610	3,684
Rough Production (1000 MT)	5,211	5,211	4,999	4998	4,794	4,930
Milling Rate (.9999) (1000 MT)	7,450	7,450	7,530	7531	7,530	7,473
MY Imports (1000 MT)	437	448	300	270	420	488
TY Imports (1000 MT)	430	440	325	270	420	488
TY Imports from United States (1000 MT)	86	88	0	N/A	N/A	N/A
Total Supply (1000 MT)	**5,337**	**5,348**	**5,398**	**5,392**	**5,423**	**5,602**
MY Exports (1000 MT)	53	53	55	58	55	108
TY Exports (1000 MT)	55	54	55	58	55	108
Consumption and Residual (1000 MT)	3,950	3,937	3,950	3904	3,975	3,860
Ending Stocks (1000 MT)	1,334	1,358	1,393	1,430	1393	1,634
Total Distribution (1000 MT)	**5,337**	**5,348**	**5,398**	**5,392**	**5,423**	**5,602**
Yield (Rough) (MT/HA)	7.1	7.1	6.9	6.9	6.8	7.0

(1000 HA), (1000 MT), (MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rice, milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022

Appendix

Table 26
Korea: Products Launched Made with Rice for Flour

Korea: Products Launched Made with Rice for Flour (As of September 17)			
Category	**Manufacturer**	**Name of Products**	**Photo**
Snacks	Nonghyup Food	Rice Chips (Brown Rice Flavor, Onion Flavor)	
Cookies	Farmers' Cooperative	Andong Apple Bread Pyeongtaek Pear Bread	 
Breads	SPC	Rice Flour Bread, Rice Flour Financier	
	Seongsim-dang	Spicy Croquette, Fried Rice Bread, Chocolate Madeleine, Chiffon	
Noodles	Harim Industry	Rice Noodle (Chicken Broth)	

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

Attachments:

No Attachments