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Prepared By: Yoona Jeon

Approved By: Timothy Mcguire

Report Highlights:

This report provides updates to the Korea Rice Production 2022 report issued by FAS/Seoul on June 28, 2022, based on new data released by the Korean Ministry of Agriculture, Food, and Rural Affairs (MAFRA) in December 2022. FAS/Seoul's 2022 rice production estimate is increased to 3.76 million metric tons, with rising stocks driving down the domestic market price. To manage high supply and low farmgate prices, the Korean government increased the volume of 2022 rice crop purchases to a record high and continues to offer acreage reduction incentives for farmers. Imports in both marketing years 2021/22 and 2022/23 are revised down because of limited U.S. rice supply in California.

Executive Summary

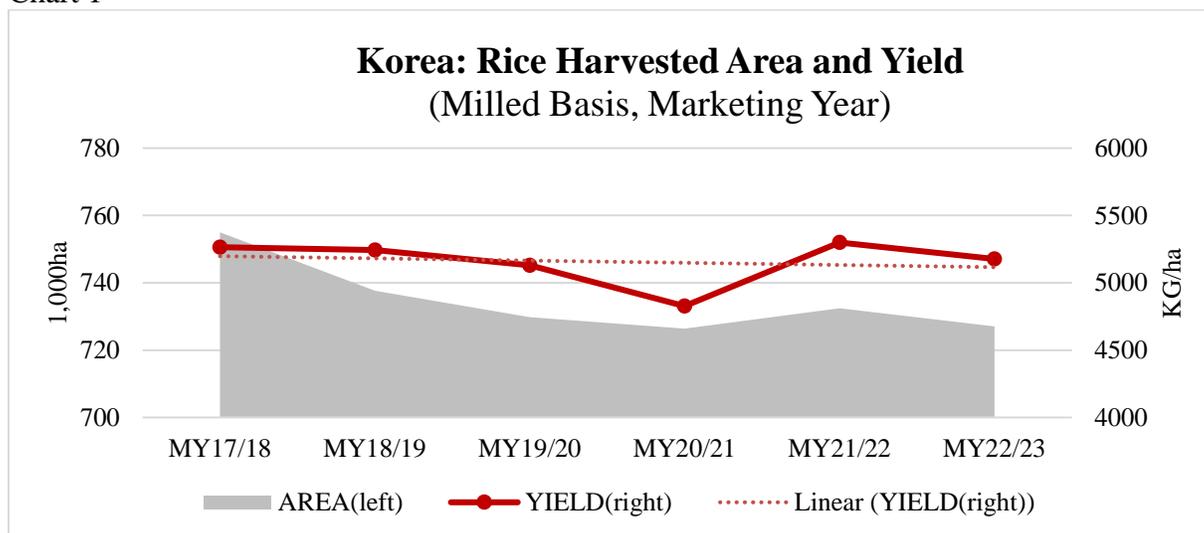
- Rice consumption in marketing year (MY) 2020/21 increased 0.16 million metric tons (MMT) from the previous report, due to a large bump in the loss/other category in government official data.
- Total consumption is expected to fall 2.1 percent to 3.91 MMT in MY 2022/23 from the previous report.
- The MY 2022/23 ending stock estimate will remain at 1.45 MMT, unchanged from the previous report, but the highest level since MY 2016/17.
- The rice surplus drove down domestic rice prices, and the Korean government responded by purchasing a record high 0.82 MMT of 2022 crop rice.
- Korea contracted 76.5 percent of its 2022 World Trade Organization (WTO) tariff rate quota (TRQ) commitments (0.31 MMT out of 0.41 MMT, milled basis). Contracts for U.S. rice reached only 27.4 percent of the U.S. country-specific quota (CSQ) (0.04 MMT out of 0.13 MMT) due to limited available supply of rice from California. Accordingly, the forecast for MY 2022/23 rice imports is revised down 9.3 percent from the previous report.

RICE PRODUCTION

The MY 2022/23 rice production estimate is increased 0.04 MMT from the previous report, to 3.76 MMT (milled basis).

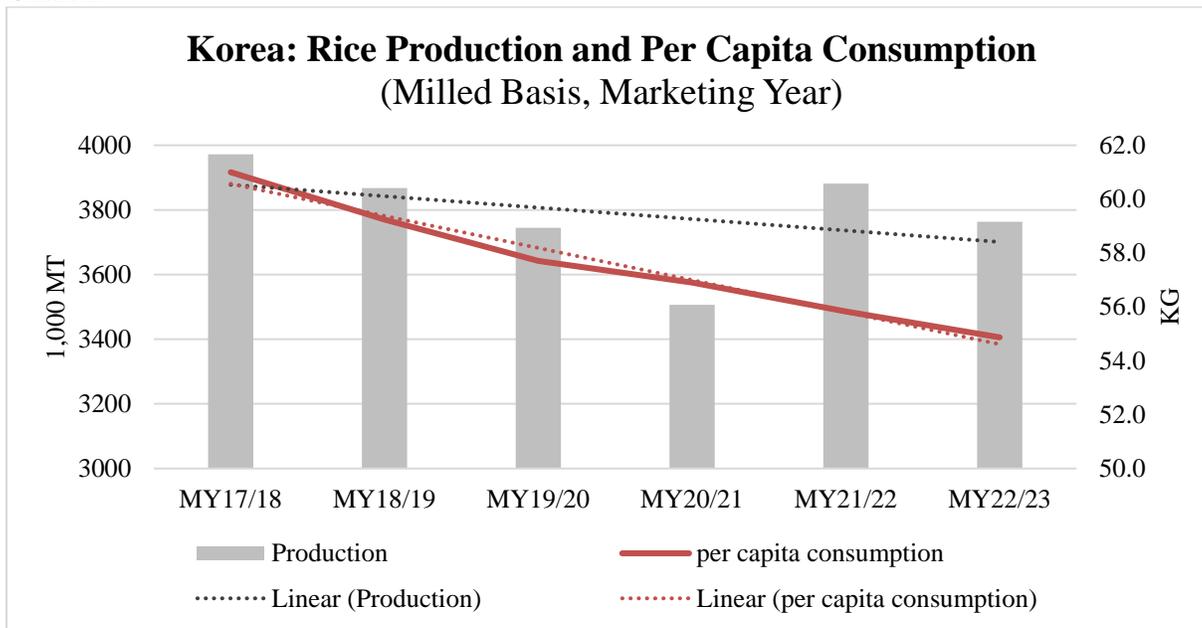
The Ministry of Agriculture, Food and Rural Affairs (MAFRA) is aiming to reduce planted rice acreage in MY 2023/24 to 690,000 ha, down 5.1 percent from current MY 2022/23 estimate. This ‘Rice acreage reduction incentive’ program is intended to reduce over-production (relative to government targets) and support domestic prices. MAFRA implemented the latest version of this policy in February – May 2022, but with limited impact. Given the continuously aging population in agricultural production areas, lower mechanization rates (compared to rice) for alternative crops like wheat and soybeans, and the prevalence of specialized rice production equipment, it will be difficult to significantly increase the production of alternative crops to replace rice production.

Chart 1



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

Chart 2



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

RICE CONSUMPTION

In December 2022, MAFRA released preliminary rice consumption data for MY 2020/21 in the MAFRA statistical yearbook. MY 2020/21 rice consumption was 4.14 MMT, up 1.8 percent from the previous year, due to the large increase in the loss/other category. The loss/other category is used to adjust for statistical errors over the course of the year. (Table 1)

Total consumption estimates in MY 2021/22 are 6.1 percent lower than the previous year, as table rice consumption continues to decline. The MY 2022/23 per capita consumption forecast is 54.9 kg, declining from 56.9 kg in MY 2020/21 and 55.8 kg in MY 2021/22.

The forecast for processing consumption is up 1.6 percent for MY 2022/23, partially offsetting the decrease in total rice consumption. Processing rice for food production is the main driving factor, fueled primarily by the cooked rice category. Due to the changing composition of household types in Korea there is an increasing demand for processing rice used in ready-to-eat products, particularly from single-person and dual-income households with a preference for convenient home style meals.

Table 1

Korea: Rice Consumption Pattern (1,000 Metric Tons, Milled Basis)					
Rice Year (Nov– Oct)	MY2019/20 ^{a/}	MY2020/21 ^{b/}	MY2021/22 ^{c/}	MY2022/23 ^{c/}	
					YoY (%)
Table Rice	2,991	2,940	2,879	2,829	-1.7
Processing	650	680	691	703	1.6
(For food)	492	527	536	544	1.6
(For liquor)	158	153	156	158	1.6
Feed	42	-	-	-	N/A
Seed	31	32	32	32	0.0
Other and Loss	357	493	290	350	20.6
Total Consumption	4,071	4,144	3,893	3,914	0.6
Per Capita Table Rice Consumption (KG)	57.7	56.9	55.8	54.9	-1.7

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

a/ MAFRA revised

b/ MAFRA preliminary

c/ FAS/Seoul forecast

RICE TRADE

The MY 2022/23 rice imports forecast is revised to 0.41 MMT, down 9.3 percent from the previous forecast, due to unfilled volume from the 2022 U.S. rice CSQ. The MY 2021/22 rice import estimate is reduced slightly from the previous report, to 0.45 MMT.

In accordance with WTO commitments, Korea imports 0.41 MMT (milled base) 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 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.

2022 TRQ Tender Results (Import Contracts):

On December 29, 2022, the Korea Agro-Fisheries and Food Trade Corporation (aT) completed the tendering process for 2022 rice TRQ contracts. Under the 2022 TRQ, Korea contracted 76.5 percent of its 2022 WTO TRQ commitments (0.31 MMT out of 0.41 MMT, milled basis).

Due to the severe drought in California, U.S. supplies were limited for the main variety exported to Korea, medium-grain japonica type rice. Primarily due to that tight supply, the United States sold 0.04 MMT of rice to Korea out of the 0.13 MMT U.S. CSQ (27.4 percent of the CSQ) in 2022 under the

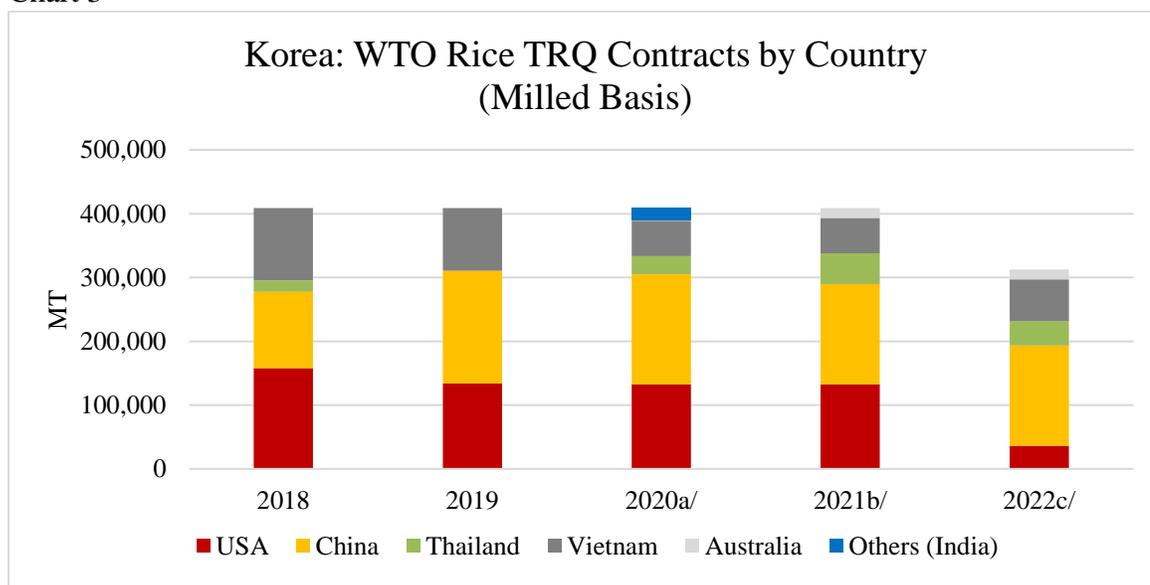
TRQ regime. Accordingly, the forecast for total MY 2022/23 rice imports is revised down 2.1 percent from the previous report. Delivery months for the 2022 U.S. CSQ will range from June to October 2023.

Table 2

Korea: Rice Import by country (Metric Tons, Milled Basis)					
Country	MY2018/19	MY2019/20	MY2020/21	MY2021/22	
					YoY (%)
USA	157,150	144,729	142,294	97,030	-31.8
China	116,232	208,444	147,790	212,197	43.6
Thailand	4	14,323	42,671	35,600	-16.6
Australia	-	-	360	22,793	6231.5
Vietnam	16,156	98,112	65,225	80,112	22.8
Others	-	-	-	5	N/A
Total	289,545	465,609	418,352	447,737	7.0

Source: Korea Customs Service (KCS) Import Data

Chart 3



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

a/ 15,595 MT of Australian CSQ failed to generate contracts and was turned into MFN quota, which was then awarded to Chinese exporters

b/ Thailand includes 20,000 MT of MFN quota

c/ Vietnam includes 9,900 MT of MFN quota, and Thailand includes 10,100 MT of MFN quota

Table 3

Korea: Monthly Delivery Schedule for Rice Contracts under 2022 TRQ		
(Metric Tons, Milled Basis)		
Year	Contractual Estimated Time of Arrival (ETA)	Volume of Contracts
2022	February	1,000
	April	
	May	
	June	28,100
	July	41,000
	August	
	September	60,906
	October	32,600
	November	17,205
	December	35,595
	2022 Arrivals Subtotal	
2023	January	
	February	20,095
	March	
	April	39,895
	May	
	June	26,190
	July	
October	10,000	
2023 Arrivals Subtotal		96,181
Grand Total		312,586

Market Distribution of Imported Table Rice (aT Auctions):

The Korea Agro-Fisheries & Food Trade Corporation (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.

In 2022, aT auctioned long grain table rice imported from Thailand under the 2021 TRQ and completed selling 1,500 MT on June 27, 2022. 2022 TRQ Thai rice was auctioned starting from July 4, 2022, and 1,730 MT was sold. Vietnamese long grain table rice imported under the 2021 TRQ was auctioned starting on January 24, 2022 and completed selling 991 MT on July 6, 2022. (Table 5)

For U.S. medium-grain table rice, aT started auctioning rice imported under the 2020 TRQ from October 5, 2021, with a temporary pause starting on September 14, 2022, due to limited retailer demand with

imported prices surpassing domestic rice prices. aT will resume auctioning of U.S. rice in 2023, but has not yet decided on the exact date.

Table 4

Korea: Status of Rice Auction for Table Rice under 2020 TRQ (Metric Tons, milled basis, as of January 13, 2023)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price ^{1/}
U.S. Medium Grain (Oct. 5, 2021, ~)	#1	38,500	18,869	19,631	49	1,929
Thai Long Grain (Apr. 5 ~ Aug. 16, 2021)	#3	1,410	1,410	0	100	1,366
	#1 ^{a/}	90	90	0	100	3,278
Total	-	40,000	20,369	19,631	51	-

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

1/ Weighted average in Korean Won per Kg

a/ Hom Mali

Table 5

Korea: Status of aT Selling Auctions for Table Rice under 2021 TRQ (Metric Tons, Milled Basis, as of January 13, 2023)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price ^{1/}
U.S. Medium Grain	#1	41,500	0	41,500	0	N/A
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	2,491	41,509	6	-

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

1/ Weighted average in Korean Won per Kg

a/ Hom Mali

Table 6

Korea: Status of aT Selling Auctions for Table Rice under 2022 TRQ (Metric Tons, Milled Basis, as of January 13, 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	1,730	1,270	58	1,320
Total	-	13,000	1,730	11,270	13	-

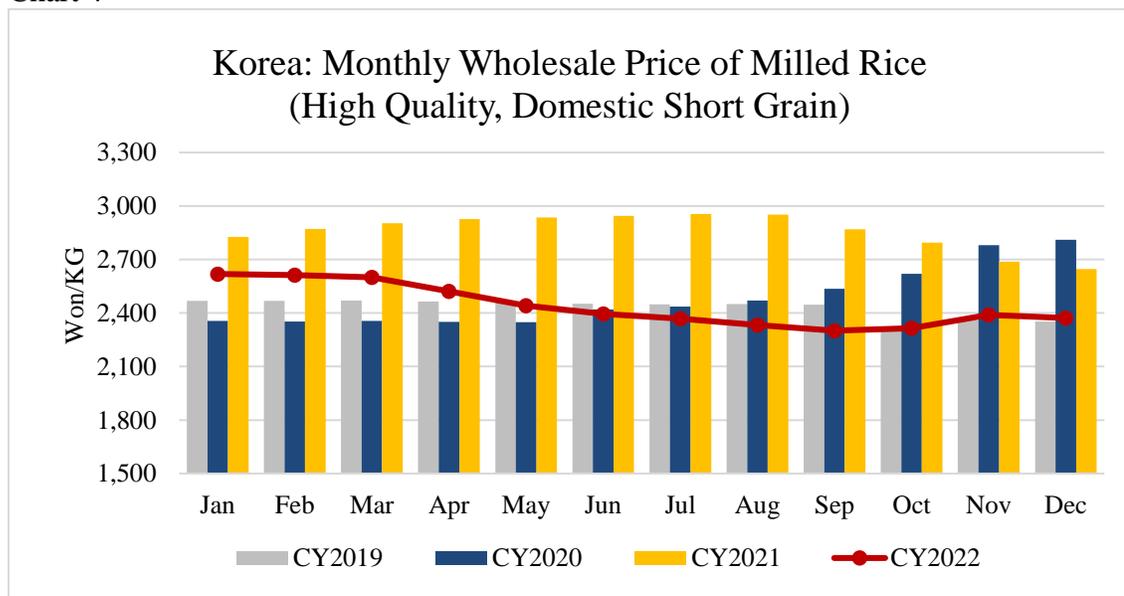
Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

1/ Weighted average in Korean Won per Kg

Rice Prices and Marketing:

Domestic rice prices in 2022 dropped substantially following a high level of production and flat consumption. In calendar year (CY) 2022, the wholesale price of rice was 15 percent lower compared to the previous year, the lowest since October 2019.

Chart 4



Source: Korea Agricultural Market Information Service (KAMIS), aT

The Korean government purchased a record high 0.82 MMT of 2022 crop rice according to the annual rice reserve plan, up 0.1 MMT from the previous year. The government received considerable public pressure from farmer groups demanding additional government purchases to support market prices.

Korea Rice Exports:

In MY 2021/22, Korea exported 53,343 MT of rice, up 1.5 percent from the previous year. Most of the exports were for food aid donations under the Food Assistance Convention (FAC) that Korea joined in 2018. Recipients of Korean food aid included Yemen, Ethiopia, Kenya, Uganda, and Laos. (Table 7)

The Korean government plans to gradually increase global rice donations via the World Food Programme (WFP), based on plans announced by MAFRA in January 2023.

Table 7

Korea: Rice Export by country (Metric Tons, Milled Basis)		
Country	MY2021/22	
		Portion (%)
Yemen	18,686	35
Ethiopia	13,000	24
Kenya	11,000	21
Uganda	6,000	11
Laos	1,314	2
Others	3,343	6
Total	53,343	100

Source: Korea Customs Service (KCS)

RICE STOCKS

The forecast for MY 2022/23 ending stocks is 1.45 MMT (37.1 percent of total consumption at the end of October 2023), up 16.4 percent from the previous year, but unchanged from the previous report. This is the highest level since MY 2016/17, when ending stocks reached 2 MMT. 2017 also saw the previous high for government rice purchases (at 0.72 MMT) to reduce stock levels.

Table 8

Korea: Status of Rice Stocks as of end October (1,000 Metric Tons, Milled Basis)							
Rice Year (Nov-Oct)	MY2016/ 17	MY2017/ 18	MY2018/ 19	MY2019/ 20	MY2020/ 21	MY2021/ 22	MY2022/ 23
Total Stocks	2,000	1,560	1,093	1,136	864	1,248	1,453
Stocks to Use Ratio (%)	45.1	32.4	23.6	27.3	20.8	32.1	37.1

Source: FAS/Seoul Estimate based on MAFRA data

RICE

Production, Supply, and Distribution Statistics (PS&D)

Rice, Milled Market Year Begins	2020/2021		2021/2022		2022/2023	
	Nov 2020		Nov 2021		Nov 2022	
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	726	726	732	732	727	727
Beginning Stocks (1000 MT)	1136	1136	1018	864	1334	1248
Milled Production (1000 MT)	3507	3507	3882	3882	3720	3764
Rough Production (1000 MT)	4713	4713	5211	5211	5042	4999
Milling Rate (.9999) (1000 MT)	7441	7441	7450	7449	7464	7530
MY Imports (1000 MT)	428	418	437	448	420	408
TY Imports (1000 MT)	439	429	440	440	420	408
TY Imp. from U.S. (1000 MT)	148	154	0	91	0	86
Total Supply (1000 MT)	5071	5061	5337	5194	5517	5420
MY Exports (1000 MT)	53	53	55	53	55	53
TY Exports (1000 MT)	52	52	55	54	55	53
Consumption and Residual (1000 MT)	4000	4144	3950	3893	4000	3914
Ending Stocks (1000 MT)	1018	864	1334	1248	1462	1453
Total Distribution (1000 MT)	5071	5061	5337	5194	5517	5420
Yield (Rough) (MT/HA)	6.4917	6.4917	7.1189	7.1189	6.9354	6.8762

(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 2022/2023 = January 2023 - December 2023

Appendix

Table 9

Korea: Monthly Wholesale Price of Milled Rice (Won/KG. High Quality, Domestic Short Grain)					
Month/Year	CY2019	CY2020	CY2021	CY2022	
					YoY (%)
Jan	2,469	2,355	2,827	2,619	-7
Feb	2,469	2,353	2,872	2,612	-9
Mar	2,470	2,355	2,903	2,600	-10
Apr	2,464	2,350	2,926	2,521	-14
May	2,459	2,349	2,935	2,441	-17
Jun	2,452	2,420	2,944	2,396	-19
Jul	2,449	2,436	2,955	2,368	-20
Aug	2,450	2,470	2,951	2,333	-21
Sep	2,447	2,536	2,869	2,301	-20
Oct	2,307	2,620	2,794	2,314	-17
Nov	2,362	2,780	2,687	2,390	-11
Dec	2,352	2,811	2,647	2,372	-10
Average	2,429	2,487	2,858	2,437	-15

Source: Korea Agricultural Market Information Service (KAMIS)

Attachments:

No Attachments