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Report Highlights:

The FAS/Seoul June 2023 Grain and Feed update covers changes to the Korean rice situation since the March 2023 Grain and Feed Annual report. Marketing year 2022/23 production and consumption will be unchanged, with a small decline in imports. Rice production is expected to continue falling gradually due to reduced consumption of table rice and the Korean government's efforts to diversify agricultural crop production. From June, the Korea Agro-Fisheries and Food Trade Corporation (aT) has resumed weekly auctions of U.S. table rice following a 9-months pause since September 2022.

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Executive Summary

- Marketing Year (MY) 2023/24 rice production is forecast at 3.6 million metric tons (MMT) (milled basis), down four percent from the previous year.
- Per capita consumption of table rice will continue to decline. In Calendar Year (CY) 2022, per capita consumption was 56.7kg, a steady decline of 1.0kg from CY 2020 and 0.2kg from CY 2021.
- Korea will maintain the volume of 0.41 MMT of imported rice under the 2023 tariff rate quota (TRQ). However, in MY 2022/23, imports are expected to decrease to 0.38 MMT due to the unfilled 2022 TRQ volume.
- In MY 2023/24, exports are forecast to exceed 0.1 MMT due to the Korean government's announcement to double rice aid via the World Food Programme (WFP) from 2024.

Milled Rice

Rice Production

FAS/Seoul forecasts MY 2023/24 (November 1-October 30) rice production to fall four percent to 3.6 MMT (milled basis), from 3.76 MMT in the previous year. The Korean government has implemented a new subsidy policy for farmers to shift rice acreage to alternative crops, building on past efforts to gradually reduce rice acreage. The official MY 2023/24 acreage target is 690,000 hectares (ha), down 37,000 ha from the previous year. The Korea Rural Economic Institute (KREI) estimates MY 2023/24 acreage at 706,000 ha based on the farm planting survey in May 2023, which indicates that the government incentives have been somewhat effective in reducing production, but have fallen short of the full target.

In April 2023, the Ministry of Agriculture, Food, and Rural Affairs (MAFRA) announced a major new initiative to expand the agricultural direct payment system by 5 trillion Korean won (\$4 billion) over the next four years. This increase in direct agricultural payments was based on the President Yoon Administration's first agricultural policy commitment, making it a high priority for MAFRA. Although the specific operational details have not yet been announced, the plan is to expand the budget for the agricultural direct payment system to 2.8 trillion Korean won (\$2.2 billion) in 2023, to 3 trillion Korean won (\$2.4 billion) in 2024, and finally to 5 trillion Korean won (\$4 billion) by 2027.

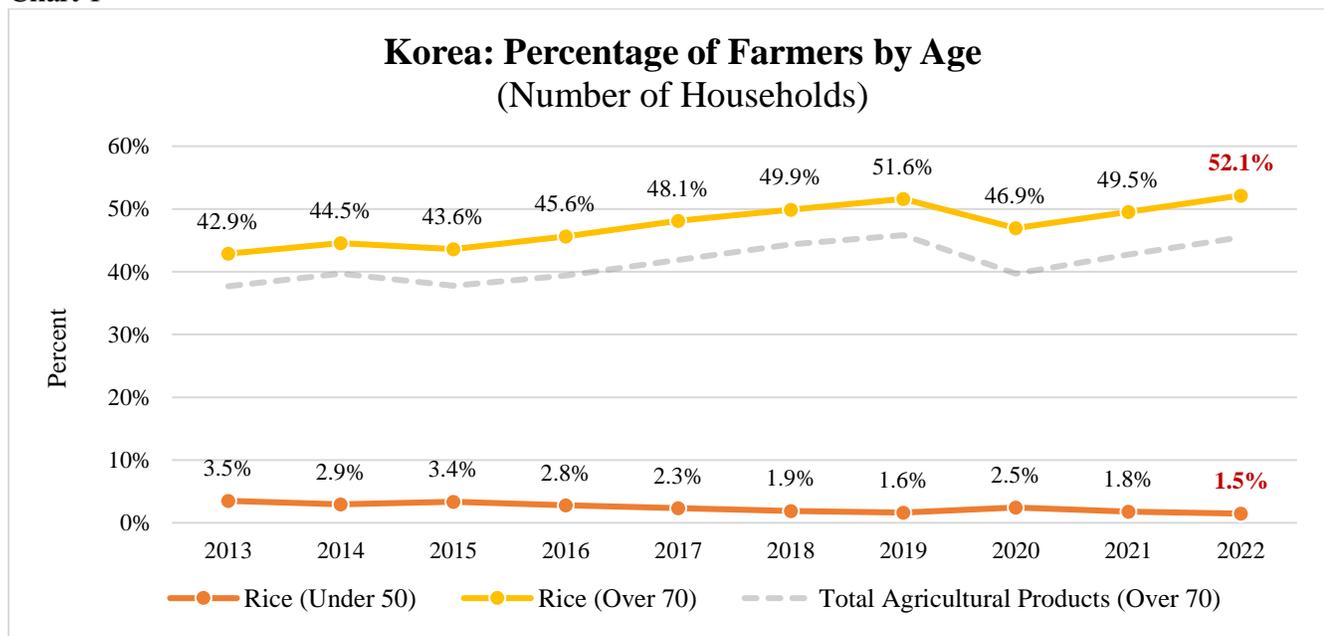
To help mitigate the impact of the continuously aging population in agricultural production areas in Korea, the Korean government is planning to expand a reorganized transfer support system (part of the direct agricultural payment system) to provide subsidies to retiring elderly farmers who transfer farmland for continued agricultural use. More than 52 percent of rice farmers are over age 70, with less than 1.5 percent under age 50 (Chart 1). So any plan to diversify agricultural production must target increasing the number of the younger farmers. The government hopes that younger farmers will be more likely to diversify into other crops beyond rice. For further details on the overall production policy, please refer to the previous report [Grain and Feed Annual](#).

The Korean government is also 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, with a long-term target of 55.5 percent in 2027 from the current 44.4 percent. This expansion in rice grown for flour use is not

likely to significantly impact overall rice production, but instead to redirect some rice acreage to alternate uses. In April 2023, MAFRA held a ceremony with 150 participants to promote the use of rice in the flour industry. MAFRA announced that 19 new products using rice flour from 15 different food manufacturers will be commercialized – including fried noodles with rice flour from Nongshim Corporation, pound cake made of rice flour from SPC, pre-mix from Sajo Dongaone, and high-protein rice snacks from Pulmuone. MAFRA has promised to provide continuous promotional support for these new products to help secure stable domestic demand.

The MY 2022/23 rice production estimate remains unchanged at 3.76 MMT from FAS/Seoul’s previous report.

Chart 1



Source: Korean Statistical Information Service (KOSIS)

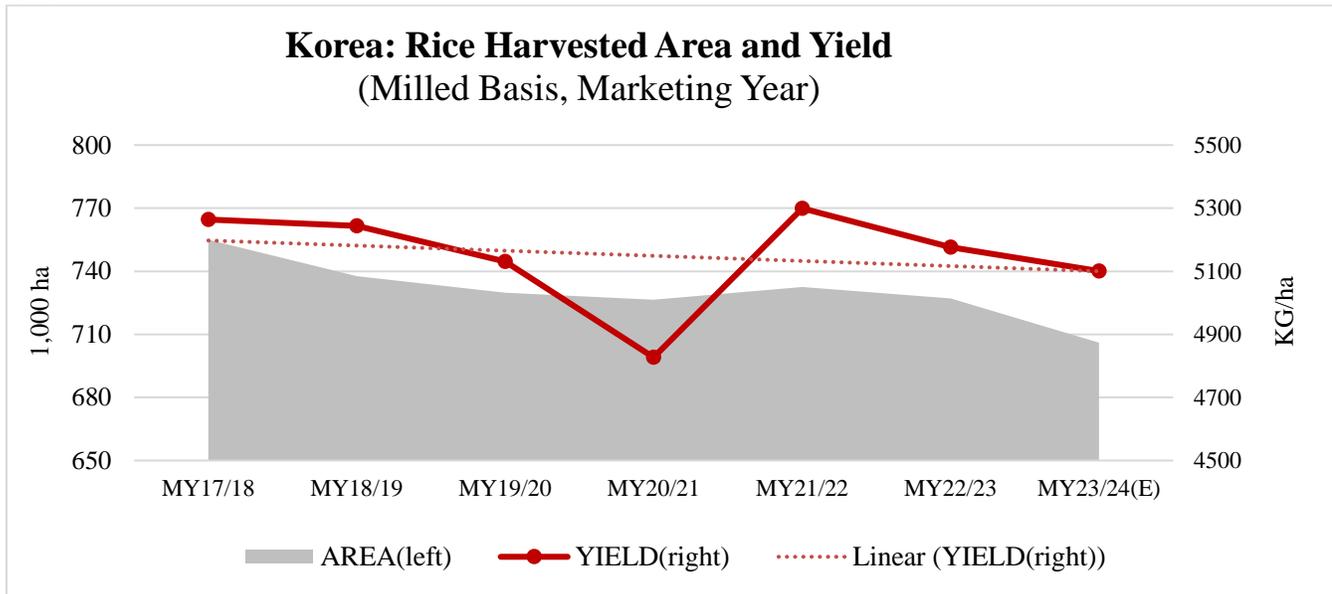
Table 1

Korea: Self-Sufficiency Target of Grain by Year						
(Unit: Percent)						
CY 2016	CY 2021				CY 2023(p)	CY 2027(p)
Total	Total	Rice	Soybeans	Wheat	Total	Total
54.1	44.4	84.6	23.7	1.1	48.0	55.5

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

Note: CY 2023 and CY 2024 are the Korean government target, citing MAFRA’s press release

Chart 2



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

Note: MY 2023/24 forecast is based on KREI estimates

Rice Consumption

FAS/Seoul forecasts that MY 2023/24 total rice consumption will be 3.86 MMT. MY 2022/23 total rice consumption is expected to be 3.90 MMT, slightly down from 3.94 MMT in MY 2021/22, reflecting the continuous decline in rice consumption in Korea.

As consumers in Korea become more health conscious, there is a growing preference for tasty, healthy, and non-fattening foods. KREI's Processed Food Consumer Attitudes Survey shows that the proportion of people considering lower calorie options when buying processed foods continues to rise, as does the proportion trying to avoid carbohydrate-heavy diets (Chart 3).

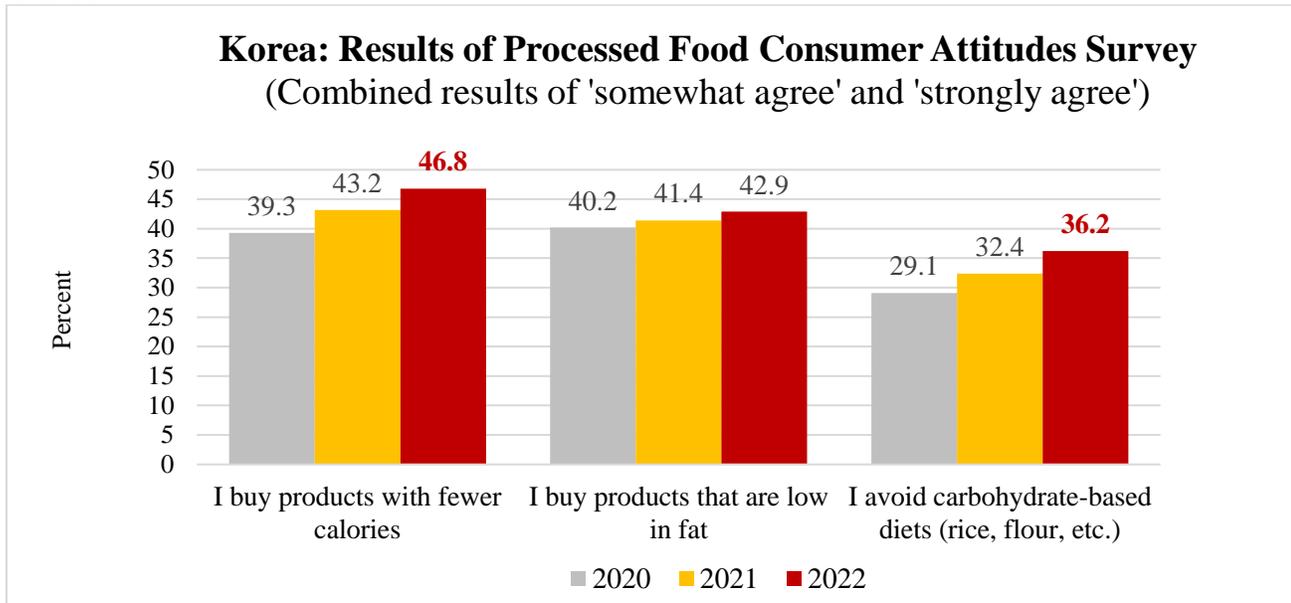
In CY 2022, domestic per capita table rice consumption declined to 56.7 kilograms based on Korean Statistical Information Service (KOSIS) official data (Chart 4), and according to KREI, consumption is expected to further fall to 45.4 kilograms by 2030. This is primarily due to the younger generations reducing their carbohydrate intake and increasingly westernized eating habits, along with demographic changes.

To help to increase rice consumption, the Korean government has expanded the 1,000 Korean won (\$0.8) breakfast meal subsidy for university students, tripling the number of participants from 41 universities with 0.69 million students to 145 universities with 2.34 million students by November 2023.

In contrast to falling household rice use, consumption in the processing sector has increased due to the demand for convenient home-style meals, as covered in the previous report, [Grain and Feed Annual](#). Moreover, as the global gluten-free market grows, rice is expected to increasingly replace wheat in some flour-based products, such as bread. These trends are expected to contribute to increased consumption of rice for processing in the long term.

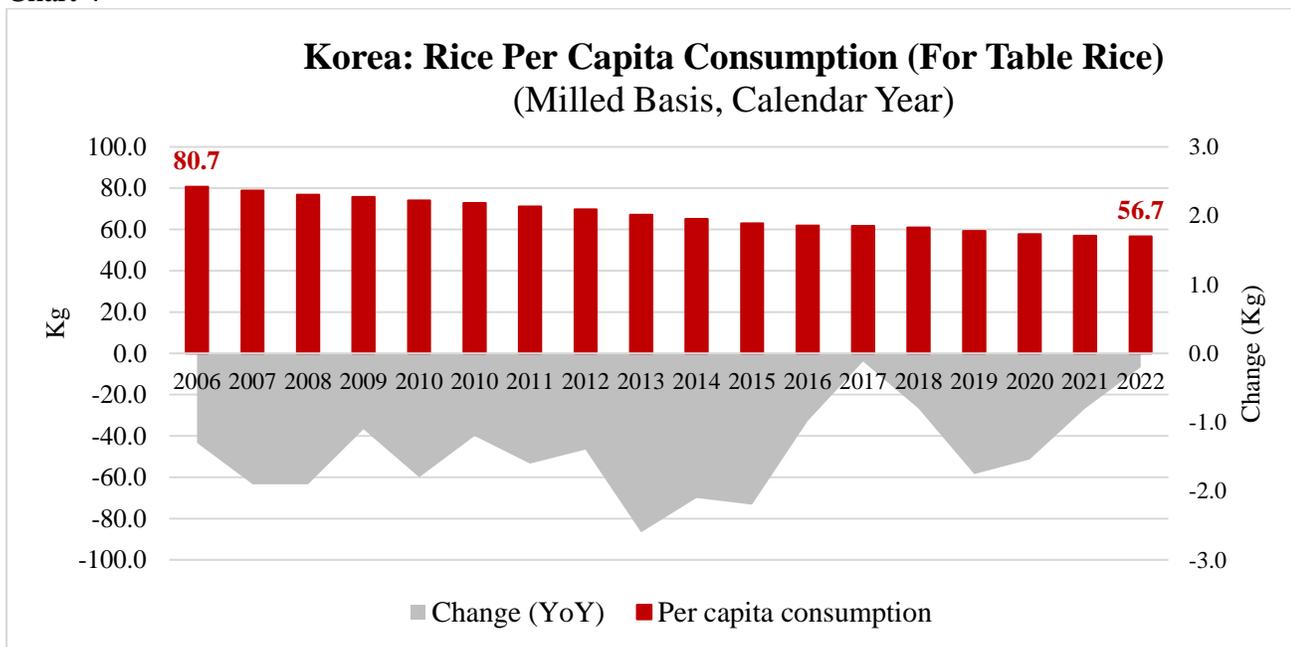
Processed foods are also a promising sector to boost the consumption of rice for processing. According to MAFRA, the export volume of processed rice foods exceeded \$180 million in 2022, up 10.1 percent from the previous year. This was attributed to increased interest due to the international popularity of Korean dramas and culture, highlighting specific items such as tteokbokki (rice cake with traditional Korean spicy sauce) and instant rice.

Chart 3



Source: Processed Food Consumer Attitudes Survey conducted by KREI, with survey sample of 5,000 primary food shoppers age ranged 19-74

Chart 4



Source: Korean Statistical Information Service (KOSIS)

Following record-high government 2022 rice crop purchases, which led to high reserves, the Korean government announced sales totaling 140,000 MT for distilled liquor and feed usage in May 2023. This sale was for rice that had been stored for more than three years.

Table 2

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/}	YoY(%)
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.

In MY 2023/24, total rice imports are forecast to remain at 0.41 MMT under the WTO preferred quota, back close to the 5-year average. FAS/Seoul estimates MY 2022/23 imports will fall to 0.38 MMT, based on the first six months of MY import records which fell behind significantly from the prior year, as shown in Table 3.

After the Korea Agro-Fisheries and Food Trade Corporation (aT) initiated the first 2023 rice TRQ tender in February 2023, there were three additional tenders. As of June, except for the 4th tender, which was held in April but does not yet have finalized results, the total filled volume reached 47,000 MT (milled basis) from Vietnam and Thailand. There has been no filled volume yet for U.S., Australian, or Chinese rice.

Table 3

Korea: Rice Imports in the First Six Months of MY (November-April)					
(Metric Tons, Milled Basis)					
Country	MY 2020/21	MY 2021/22	MY 2022/23	YoY	
					(%)
United States	32,943	40,500	13,902	-26,598	-65.7
China	122,790	92,195	57,197	-34,998	-38.0
Vietnam	41,601	30,000	23,600	-6,400	-21.3
Thailand	14,178	21,000	22,996	1,996	9.5
Others	20,001	15,240	8,037	-7,203	-47.3
Total	231,511	198,935	125,732	-73,203	-36.8

Source: Korea Customs Service (KCS)

Table 4

Korea: Status of 2023 WTO Rice TRQ Contracts by Country				
(Metric Tons, Milled Basis, as of 20 June 2023)				
Country	Allocated TRQ	Contracts	Open	Contractual Rate (%)
United States	132,304	0	132,304	0.0
China	157,195	0	157,195	0.0
Vietnam	55,112	19,211	35,901	34.9
Thailand	28,494	28,294	200	99.3
Australia	15,595	0	15,595	0.0
MFN	20,000	0	20,000	0.0
Total	408,700	47,506	361,194	11.6

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

Market Distribution of Imported Table Rice (aT Auctions)

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 2023, aT auctioned 1,303 MT of Thai long-grain table rice and 348 MT of Vietnamese long-grain table rice under the 2022 TRQ (Table 5). With signals of a rebound in domestic rice prices, aT announced that it would resume auctioning U.S. table rice from June 19, 2023. However, the first week's auction resulted in a limited awarded volume due to the high import price of U.S. rice compared to the prior year. Following a pause in sales of U.S. rice from September 2022, aT decided to start the weekly auction of U.S. rice imported under the 2021 TRQ and transferred rice imported under the 2020 TRQ totaling 19,000 MT for processing distilled liquor and other uses.

Table 5

Korea: Status of aT Selling Auctions for Table Rice under 2022 TRQ						
(Metric Tons, Milled Basis, as of June 20, 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	348	652	35	1,721
Total	-	14,000	3,251	10,749	23	-

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

1/ Weighted average in Korean Won per Kg

Table 6

Korea: Status of aT Selling Auctions for Table Rice under 2021 TRQ						
(Metric Tons, Milled Basis, as of June 20, 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	29	41,471	0.1	2,250
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	2,520	41,480	6	-

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

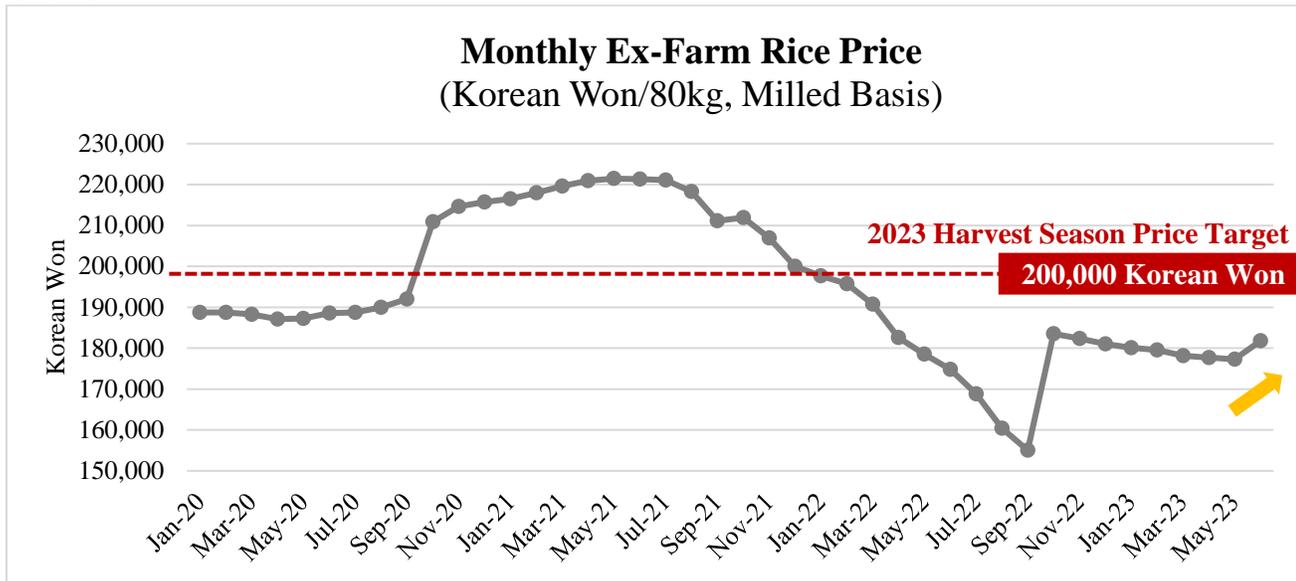
1/ Weighted average in Korean Won per Kg

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Domestic Price

MAFRA has set a rice price target of 200,000 Korean won (\$153) per 80kg for the 2023 harvest season and announced a goal to gradually stabilize prices through various policy supports, following a period of low domestic prices. According to KREI's June rice market report, the expected rice price at harvest season is 185,000 Korean won (\$141) per 80kg. A survey of producer-distributors showed that the majority of respondents believe rice prices are likely to rebound from 13 percent in early March to 32 percent in early May. Seventy-two percent of respondents expected prices to rise in May and June, and there have been signs of a rebound in rice prices since the end of May (Chart 5).

Chart 5



Source: Korean Statistical Information Service (KOSIS)

Exports

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 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 announced a plan to double annual rice aid via the World Food Programme (WFP) from 2024. This announcement was made by President Yoon at the G7 summit in Japan. According to WFP, this increased aid can support 6 million people, up from 3 million previously. For additional details, see the MAFRA press release: [WFP welcomes ROK's announcement on doubling annual rice aid for lifesaving operations](#).

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 with a goal of strengthening their capacity to respond to food crises. In the past 10 years, Korea has provided a total of 19,000 MT of rice to five countries: Vietnam, Myanmar, Philippines, Laos, and Cambodia.

In addition, the government plans 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. Starting with a pilot production of 2,000 MT of Korean rice varieties in 2023, Korea plans to distribute 10,000 MT of rice varieties (covering 223,000 ha) in these countries, providing a stable food supply to about 30 million people annually.

Table 7

Production, Supply and Distribution: Rice

Rice, Milled Market Year Begins Korea, Republic of	2021/2022		2022/2023		2023/2024	
	Nov 2021		Nov 2022		Nov 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	732	732	727	727	700	706
Beginning Stocks (1000 MT)	1018	1018	1334	1358	1463	1545
Milled Production (1000 MT)	3882	3882	3764	3764	3571	3600
Rough Production (1000 MT)	5211	5211	4999	4998	4742	4817
Milling Rate (.9999) (1000 MT)	7450	7450	7530	7531	7530	7474
MY Imports (1000 MT)	437	448	420	380	420	408
TY Imports from United States (1000 MT)	86	88	-	-	-	-
Total Supply (1000 MT)	5337	5348	5518	5502	5454	5553
MY Exports (1000 MT)	53	53	55	53	55	103
Consumption and Residual (1000 MT)	3950	3937	4000	3904	4000	3860
Ending Stocks (1000 MT)	1334	1358	1463	1545	1399	1590
Total Distribution (1000 MT)	5337	5348	5518	5502	5454	5553
Yield (Rough) (MT/HA)	7.1	7.1	6.9	6.9	6.8	6.8

(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 7

Korea: Monthly Wholesale Price of Milled Rice (High Quality, Domestic Short Grain, As of June 20)						
Month/Year	CY2019	CY2020	CY2021	CY2022	CY2023	
	Won/Kg	Won/Kg	Won/Kg	Won/Kg	Won/Kg	YoY (%)
January	2,469	2,355	2,827	2,619	2,366	- 9.7
February	2,469	2,353	2,872	2,612	2,345	- 10.2
March	2,470	2,355	2,903	2,600	2,336	- 10.2
April	2,464	2,350	2,926	2,521	2,329	- 7.6
May	2,459	2,349	2,935	2,441	2,330	- 4.5
June	2,452	2,420	2,944	2,396	2,347	- 2.0
July	2,449	2,436	2,955	2,368		
August	2,450	2,470	2,951	2,333		
September	2,447	2,536	2,869	2,301		
October	2,307	2,620	2,794	2,314		
November	2,362	2,780	2,687	2,390		
December	2,352	2,811	2,647	2,372		
Average	2,429	2,487	2,858	2,437	2,350	- 3.6

Source: Korea Agricultural Market Information Service (KAMIS)

Attachments:

No Attachments