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Korea - Republic of

Grain and Feed Update

U.S. Rice Exports Continue, But the Local Sale of Imported Short and Medium Grain Rice (from the U.S. and Other Origins) is Delayed.

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Report Highlights:

Korea continues to meet its mandatory import volume of 408,700 metric tons (MT) from Most Favored Nation (MFN) countries, with purchases of 138,610 MT (milled) from the United States in CY 2017. Of this total, Korea purchased 37,000 MT of milled rice for table use from the United States. Although imports continue, auctions of medium and short grain rice imported under the 2015

TRQ have been suspended since September 18, 2017 due to pressure from domestic farmers. In early 2018, Korea plans to decrease some of its stocks by donating rice as food assistance through the ASEAN Plus Three Emergency Rice Reserve (APTERR) and through the Food Assistance Convention.

Post:
Seoul

Commodities:
Rice, Milled

Author Defined:

TRADE

Although the previous arrangement requiring Korea to provide U.S. rice producers with a country-specific quota has expired at the end of 2014, Korea has continued to import the mandatory import volume of 408,700 MT from Most Favored Nation (MFN) countries at the current duty level of five percent under the tariff rate quota (TRQ) regime. As of December 27, 2017 Korea completed purchasing the remainder of the 2017 MFN TRQ: 215,300 MT of which was delivered in CY 2017 (May-December) and 193,400 MT which is scheduled to be delivered in CY 2018 (January-May) on the basis of contractual terms (Table 6).

2017 TRQ Tendering Results:

The Korea Agro-Fisheries and Food Trade Corporation (aT) completed the tendering process for the 2017 rice **TRQ** commitments on December 27, 2017. Korea purchased a total of 408,700 MT of rice (milled basis) from five countries, including the United States, China, Thailand, Australia, and Vietnam. The U.S. share was 33.9 percent, down 6.7 percentage points from the previous year, due to less competitive pricing than other countries despite greater demand for medium grain variety rice (Table 2). Contracts for U.S. rice totaled 138,610 MT (milled), worth USD 112.6 million. Of this total, 112,900 MT was brown rice (equivalent to 101,610 MT on a milled basis) used for food processing purposes and the remaining 37,000 MT was milled rice for table use (Table 1).

The Korean government purchased 40,000 MT of USDA No. 1 Grade milled rice for table use, down 10,000 MT from the previous year. This total consisted of 37,000 MT of medium grain from the United States and 3,000 MT of long grain from Vietnam. Korean domestic political circles continued pressing the Korean government to reduce the scale of table rice imports under the TRQ regime, blaming imported table rice for further disruption of domestic rice farm gate prices and also for the currently large rice stocks.

The average contracted price for U.S. #1 medium grain table rice was USD 826.75/MT, up 20 percent from the previous year. Meanwhile, Vietnamese #1 long grain table rice was contracted at USD 489.75/MT.

Table 1

<p>Korea: Rice Contracts by Country under 2017 MFN TRQ^{1/} (Unit: MT, Milled Basis, as of December 27, 2017)</p>
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Country	MFN TRQ		Total
	Processing Use	Table Use	
USA	101,610	37,000	138,610(33.9%)
China	162,590	0	162,590(39.8%)
Thailand	27,000	0	27,000(6.6%)
Australia	18,000	0	18,000(4.4%)
Vietnam	59,500	3000	62,500(15.3%)
S. Total	368,700	40,000	408,700(100.0%)
G. Total	408,700		408,700(100%)

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

Table 2

Korea: Rice Varieties of Contracts by Country under 2017 MFN TRQ (Metric Ton, as of December 27, 2017)				
Rice Variety	Medium Grain	Short Grain	Long Grain	Total
USA	138,610	0	0	138,610
China	34,580	128,010	0	162,590
Thailand	0	0	27,000	27,000
Australia	18,000	0	0	18,000
Vietnam	0	59,500	3,000	62,500
Total	191,190	187,510	30,000	408,700
Ratio (%)	46.78%	45.88%	7.34%	100.00%

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

Table 3

Korea: U.S. Rice Sales to Korea under 2017 TRQ (buying tenders as of December 27, 2017)					
Contracts	Milled rice (MT) for Table	Brown rice (MT) for Processing	Unit Price (USD/MT) CIP	Amount (1,000 USD)	Estimated Time of Arrival (ETA)
1		22,222	636.52	14,144,747	6/30/2017
2		15,556	642.30	9,991,619	6/30/2017
3		11,111	605.60	6,728,822	6/30/2017
4		11,111	594.33	6,603,601	6/30/2017
5	10,000		770.82	7,708,200	2/28/2018
6	10,000		747.86	7,478,600	2/28/2018
7	5,000		767.88	3,839,400	3/31/2018
8		17,778	856.47	15,226,324	3/31/2018

9		5,000	805.14	4,025,700	1/31/2018
10		8,889	795.47	7,070,933	2/28/2018
11		21,233	856.00	18,175,448	5/31/2018
12	12,000		963.64	11,563,680	4/30/2018
Sub. Total	37,000	112,900 a/			
G. Total	138,610 (milled)			112,557,073	

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

a/ equivalent to **101,610** MT on a milled basis

Table 4

Korea: U.S. Table Rice Delivery Schedule Based on Contracts under 2017 TRQ (Non-Glutinous Milled Rice Medium Grain, Metric Ton)				
Supplier	Contractual Quantity	Grade	Shipment	ETA Busan Port (mm/dd/yyyy)
ADM	10,000	U.S. No. 1	5,000	01/31/2018
			5,000	02/28/2018
Sun Rice	10,000		5,000	01/31/2018
			5,000	02/28/2018
FRC	5,000		5,000	03/31/2018
ACC	12,000		7,000	03/31/2018
			5,000	04/30/2018
Total	37,000			

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

Table 5

Korea: 2017 TRQ Rice Tender Results (as of December 27, 2017)									
Bidding Date (mm-dd-yy)	Rice Type	Quota Volume (Contract Basis)	Quota Volume (Milled Rice Basis)	Origin	Awarded Price (USD/MT)	Terms and Conditions	delivery date	Local Agent	Supplier
3/8/2017	SG #3 Brown	10,000	9,000	Vietnam	820.90	CIP	5/31/2017	The Ground Korea	Green Mountain
3/8/2017	SG #3 Brown	20,000	18,000	Vietnam	827.90	CIP	5/31/2017	The Ground Korea	Green Mountain
3/8/2017	MG #3 Brown	22,222	20,000	USA	636.52	CIP	6/30/2017	Philasun	ADM
3/8/2017	MG #3 Brown	15,556	14,000	USA	642.30	CIP	6/30/2017	Philasun	ADM
3/8/2017	MG #3 Brown	11,111	10,000	USA	605.60	CIP	6/30/2017	Daewoo	FRC
3/8/2017	MG #3 Brown	11,111	10,000	USA	594.33	CIP	6/30/2017	Singsong	ACC

3/8/2017	LG #3 Brown	10,000	9,000	Thailand	418.88	CIP	5/31/2017	Daewoo	Capital Rice Co., Ltd
5/16/2017	SG #3 Brown	30,000	27,000	China	801.00	CIP	6/15/2017	Daewoo	COFCO
5/16/2017	LG #3 Brown	10,000	9,000	Vietnam	425.68	CIP	9/30/2017	Daewoo	Vinafood1
5/16/2017	MG #1 Milled	10,000	10,000	USA	770.82	CIF	2/28/2018	Philasun	ADM
5/16/2017	MG #1 Milled	10,000	10,000	USA	747.86	CIF	2/28/2018	D&B	Sun Rice
5/16/2017	MG #1 Milled	5,000	5,000	USA	767.88	CIF	3/31/2018	Daewoo	FRC
8/7/2017	SG #3 Brown	22,222	20,000	China	757.97	CIP	9/30/2017	Singsong	Jilin Grain
8/7/2017	SG #3 Brown	15,000	13,500	Vietnam	750.00	CIP	11/30/2017	D&B	na
8/7/2017	SG #3 Brown	10,000	9,000	China	757.99	CIP	10/31/2017	Singsong	Jilin Grain
8/7/2017	MG #3 Brown	10,000	9,000	Australia	655.00	CIP	11/30/2017	D&B	Sun Rice
8/7/2017	LG #3 Brown	20,000	18,000	Thailand	435.80	CIP	10/31/2017	Singsong	Toumi
11/20/2017	SG #3 Brown	19,111	17,200	China	748.89	CIP	1/31/2018	Daewoo	COFCO
11/20/2017	SG #3 Brown	22,000	19,800	China	803.00	CIP	12/31/2017	Singsong	Jilin Grain
11/20/2017	SG #3 Brown	22,222	20,000	China	748.89	CIP	1/31/2018	Daewoo	COFCO
11/20/2017	SG #3 Brown	16,679	15,011	China	709.00	CIP	2/15/2018	Daewoo	COFCO
11/20/2017	SG #3 Brown	11,111	10,000	Vietnam	695.00	CIP	1/31/2018	The Ground Korea	Green Mountain
11/20/2017	MG #3 Brown	5,000	4,500	USA	805.14	CIP	1/31/2018	Philasun	ADM
11/20/2017	MG #3 Brown	8,889	8,000	USA	795.47	CIP	2/28/2018	Philasun	ADM
11/20/2017	MG #3 Brown	10,000	9,000	Australia	778.00	CIP	2/28/2018	D&B	Sun Rice
11/20/2017	MG #3 Brown	17,778	16,000	USA	856.47	CIP	3/31/2018	Philasun	ADM
12/19/2017	MG #3 Brown	17,866	16,079	China	835.00	CIP	3/31/2018	Daewoo	COFCO
12/19/2017	MG #3 Brown	20,556	18,500	China	830.00	CIP	4/30/2018	Daewoo	COFCO
12/19/2017	MG #3 Brown	21,233	19,110	USA	856.00	CIP	5/31/2018	Philasun	ADM
12/19/2017	MG #1 Milled	12,000	12,000	USA	963.64	CIF	4/30/2018	Singsong	ACC
12/19/2017	LG #1 Milled	3,000	3,000	Vietnam	489.75	CIF	4/30/2018	Jupiter Korea	na
Total		449,667	408,700						

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

Table 6

Korea: Monthly Delivery of Rice Contracts under 2017 TRQ (Metric Ton, milled rice)	
Estimated Time of Arrival (ETA)	Volume of Contracts
May 2017	36,000
June	81,000
July	0
August	0

September	29,000
October	27,000
November	22,500
December	19,800
January 2018	61,700
February	42,011
March	44,080
April	26,500
May	19,110
Total	408,700

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

Auctions for Imported Table Rice:

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

Due to heavy stocks of domestic rice caused by consistent crop overproduction since 2013, the current pace of auctions for imported rice for table use has been very slow, effectively reducing the volume of auctioned rice.

Since September 18, 2017, the government has suspended auctions for medium and short grain table rice imported under the 2015 TRQ, because farmers' groups have petitioned the government to slow down auctions for imported rice for table use. They have also asked the government to stop conducting auctions for imported medium and short grains that compete with domestic rice. However, the Korean government has continued selling auctions for long grain table rice imported from Thailand under the 2016 TRQ, as long grain rice doesn't compete with domestic short grain rice.

Table 7

Korea: Status of Rice Auction for Table Rice under 2015 TRQ (Unit: metric tons, milled basis, as of September 18, 2017)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price 1/
U.S. Medium Grain (Oct. 2016~)	#1	40,000	5,965	34,035	15	1,357
Chinese Short Grain (Oct. 2016 ~)	#1	20,000	1,076	18,924	5	1,307
Total		60,000	7,041	52,959	12	

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

Table 8

Korea: Status of Rice Auctions for Table Rice under 2016 TRQ (Unit: metric tons, milled basis, as of January 10, 2018)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price 1/
U.S. Medium Grain	#1	40,000	0	40,000	0	na
Vietnamese Short Grain (Feb. 2017 ~)	#1	3,000	5	2,995	0	1,250
Thai Long Grain (Oct. 2016 ~)	#1	7,000	3,464	3,536	49	964
Total		50,000	3,469	46,531	6.9	

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

Exports:

Korea's rice exports were 2,767 MT for CY 2017. U.S. imports of Korean rice were 540 MT.

Table 9

Korea: Rice Exports (Milled)				
Calendar Year	To the World		To the United States	
	Quantity (MT)	Value (USD1,000)	Quantity (MT)	Value (USD1,000)
2005	18	89	5	5
2006	9	40	0.2	1
2007	507	1,322	333	876
2008	356	829	115	285
2009	4,183	7,300	443	777
2010	3,765	6,394	272	587
2011	3,782	6,277	161	244
2012	2,223	4,424	90	185
2013	1,517	3,363	86	180
2014	1,684	3,894	123	303
2015	1,987	4,472	365	1,148
2016	2,313	4,847	477	1,175
2017	2,767	5,641	540	1,390

Source: Korea Customs Service (KCS), Global Trade Atlas (GTA)

Food Aid under APTERR

In the wake of natural damage caused by Typhoon Damrey, MAFRA has stated that Korea will provide rice assistance of 10,000 MT (milled basis, 2016 crop) to Vietnam under the APTERR (ASEAN Plus Three Emergency Rice Reserve) program. Korea plans to deliver the rice to Vietnam in the first quarter of 2018. This is the second time Korea has given rice assistance to foreign countries since joining APTERR. The first time was in May 2017, when Korea delivered 750 MT to two Asian countries: 500 MT to Myanmar and 250 MT to Cambodia.

APTERR was established to provide member countries with rice in the event of natural disasters. The total amount of rice agreed upon in July 2013 by the 13 member countries and stored in reserve was 787,000 MT, including 150,000 MT promised by Korea. The Korean government has purchased 100,000 MT of domestic rice (milled basis) towards this commitment since 2014. Korea hopes to give greater amounts of assistance in the future, which will help alleviate the rice surplus in Korea.

Food Assistance Convention (FAC)

Since the Korean National Assembly ratified the agreement on December 1, 2017, Korea is ready to submit an application to join the Food Assistance Convention (FAC) in early 2018, and plans to donate 50,000 MT of domestic rice (milled basis) to five countries in Africa and Middle East through the World Food Program (WFP). Korea is expected to make a first shipment drawing from the 2016 rice crop in the first quarter of 2018.

STOCKS

The MY 2017/18 ending stocks forecast (as of the end of October 2018) is slightly down from the previous report at 1.23 MMT, or 25.3 percent of total forecast domestic consumption, due to the inclusion of the scheduled donation of 10,000 MT in early 2018 into the export account of PSD. MY 2016/17 ending stocks (as of the end of October 2017) are 36.7 percent of total estimated domestic consumption, remaining almost unchanged from the previous estimate, as just 750 MT of donated rice was included into export account of PSD.

Table 10

Korea: Status of Rice Stocks (Milled rice, 1,000 MT, as of end October)						
Rice Year (Nov.-Oct.)	2012/13	2013/14	2014/15a/	2015/16b/	2016/17c/	2017/18d/
Total Stock	755	887	1,406	1,831	1,729	1,230
Government Stock	755	887	1,406	1,831	1,729	1,230
Total Domestic Consumption	4,489	4,422	4,197	4,212	4,706	4,868
Stock to Use Ratio (%)	16.8	20.0	33.5	43.5	36.7	25.3

Source: FAS/Seoul Estimate based on MAFRA data

a/ MAFRA Revised

b/ MAFRA Preliminary

c/ MAFRA forecast

d/ FAS/Seoul forecast

Production, Supply and Demand Data Statistics:

Rice PS&D

Rice, Milled Market Begin Year Korea, Republic of Area Harvested	2015/2016		2016/2017		2017/2018	
	Nov 2015		Nov 2016		Nov 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	799	799	779	779	755	755
Beginning Stocks	1406	1406	1831	1831	1701	1729
Milled Production	4327	4327	4197	4197	3972	3972
Rough Production	5771	5771	5596	5625	5296	5286
Milling Rate (.9999)	7498	7498	7500	7461	7500	7514
MY Imports	312	312	403	411	410	410
TY Imports	313	313	400	412	410	410
TY Imp. from U.S.	112	111	0	164	0	160
Total Supply	6045	6045	6431	6439	6083	6111
MY Exports	2	2	2	4	2	13
TY Exports	2	2	2	4	2	13
Consumption and Residual	4212	4212	4728	4706	4800	4868
Ending Stocks	1831	1831	1701	1729	1281	1230
Total Distribution	6045	6045	6431	6439	6083	6111
Yield (Rough)	7.2228	7.2228	7.1836	7.2208	7.0146	7.0013

(1000 HA) ,(1000 MT) ,(MT/HA)

Korea: Import Trade Matrix of Rice			
Country	Korea, Republic of		
Commodity	Rice, Milled		
Time Period	Jan/Dec	Units:	1,000MT
Imports for:	2016		2017
U.S.	111	U.S.	164
Others		Others	
China	163	China	141
Thailand	9	Thailand	32
Australia	15	Australia	9
Vietnam	10	Vietnam	64
India	5	India	2
Total for Others	202		248
Others not Listed	0		0
Grand Total	313		412

Appendix

Table 11

Korea: Monthly Wholesale Price of Milled Rice (High Quality)						
Month\Year	CY 2015		CY 2016		CY 2017	
	Won/Kg	USD/Kg	Won/Kg	USD/Kg	Won/Kg	USD/Kg
January	2,070	1.90	1,810	1.51	1,602	1.35
February	2,069	1.88	1,810	1.49	1,590	1.39
March	2,046	1.84	1,810	1.53	1,590	1.40
April	2,040	1.88	1,810	1.58	1,590	1.40
May	2,019	1.85	1,810	1.54	1,590	1.41
June	1,990	1.79	1,810	1.55	1,590	1.41
July	1,990	1.74	1,810	1.58	1,598	1.41
August	1,990	1.69	1,802	1.62	1,626	1.44
September	2,004	1.70	1,705	1.54	1,677	1.48
October	2,951	1.70	1,454	1.29	1,814	1.61
November	1,852	1.61	1,620	1.40	1,917	1.74
December	1,826	1.56	1,620	1.37	1,952	1.80
Average	1,986	1.76	1,739	1.50	1,678	1.49

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Table 12

Korea: Monthly Retail Price of Milled Rice (High Quality)						
Month\Year	CY 2015		CY 2016		CY 2017	
	Won/Kg	USD/Kg	Won/Kg	USD/Kg	Won/Kg	USD/Kg
January	2,277	2.09	2,132	1.78	1,805	1.53
February	2,263	2.06	2,112	1.74	1,806	1.58
March	2,252	2.03	2,085	1.76	1,803	1.59
April	2,211	2.04	2,027	1.77	1,804	1.59
May	2,239	2.05	1,998	1.70	1,768	1.57
June	2,243	2.02	1,990	1.71	1,745	1.54
July	2,225	1.95	1,992	1.74	1,728	1.53
August	2,218	1.88	1,983	1.79	1,742	1.54
September	2,240	1.90	1,970	1.78	1,931	1.71
October	2,209	1.93	1,895	1.68	2,023	1.79
November	2,184	1.90	1,850	1.59	2,118	1.92
December	2,181	1.86	1,809	1.53	2,136	1.97
Average	2,229	1.97	1,987	1.72	1,867	1.65

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Table 13

Korea: Foreign Exchange Rate (Korean Won against USD)
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Month	CY 2015	CY 2016	CY 2017
January	1,087	1,196	1,183
February	1,099	1,216	1,143
March	1,112	1,184	1,133
April	1,086	1,146	1,132
May	1,091	1,172	1,126
June	1,112	1,167	1,130
July	1,143	1,142	1,133
August	1,177	1,110	1,129
September	1,182	1,107	1,130
October	1,146	1,125	1,128
November	1,151	1,160	1,101
December	1,172	1,182	1,083
Average	1,130	1,158	1,129

Source: Global Financial Service