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Korea - Republic of

Grain and Feed Update

Grain and Feed

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Report Highlights:

Wheat consumption forecast remains at 3.7 million metric tons. Due to limited supplies of feed wheat, corn consumption is expected to increase to 9.1 million metric tons. Imports of U.S. corn are forecast at 7.0 million tons but could reach as high as 8.0 million metric tons if China's ban on grain exports continues. Post has revised the 2010 rice production estimate downward to 4.3 million metric tons from the initial forecast of 4.6 million metric tons due to reduced acreage, lower yield, and unfavorable weather.

Post: Commodities:

Seoul Wheat

Corn

Rice, Milled

Executive Summary:

Author Defined:

WHEAT

Production:

MY 2010/11 wheat production is estimated at 27,000 tons because of a sharp increase in harvested area. Korean farmers have recently increased planted area in response to greater demand from the local bakery and confectionary sector that offer products made exclusively from locally grown wheat. However, despite increased acreage an unseasonably cool and wet weather reduced yields. Milling wheat is double-cropped with rice.

Korea: Wheat Production			
Crop Year	Harvested Area (Hectare)	Yield (MT/HA)	Production (MT)
2006	1,738	3.34	5,810
2007	1,928	3.81	7,624
2008	2,549	4.06	10,359
2009	5,067	5.15	26,087
2010a/	12,548	3.90	27,000

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

a/ FAS/Seoul estimate; yield is based on five-year average.

Consumption:

In MY 2010/11, total wheat consumption is forecast at 3.7 million tons, slightly increasing from the initial forecast. Milling wheat consumption is expected to stay around at 2.2 million tons, while feed wheat consumption will decrease roughly to 1.5 million tons in view of the limited availability in Black Sea area.

In MY 2009/10, total wheat consumption reached 4.4 million tons, a record since MY1999/00, due to a greater demand for feed wheat.

Korea: Post Estimates of Domestic Wheat Use (1,000 MT, July/June)				
Year	2007/08	2008/09	2009/10	2010/11 a/
Imported Milling Wheat	2,267	2,041	2,136	2,100
Flour Imports b/	105	69	127	100
Flour Exports b/	73	56	59	50
Local Wheat	8	10	26	27
FSI Consumption c/	2,307	2,064	2,230	2,177

Feed Wheat	686	942	2,172	1,500
Total Consumption	2,993	3,006	4,402	3,677

Source: Korea Feed Association (KFA) and Korea Flour Millers Industry Association (KOFMIA)

a/ FAS/Seoul forecast

b/ Wheat basis

c/ exclude wheat used for the volume of wheat flour exports, including imports of wheat flour.

Wheat Trade:

MY 2010/11 wheat imports are unchanged from Post's initial forecast at 3.6 million tons, of which 2.2 million tons is for milling (including flour on a wheat equivalent basis) and 1.4 million tons for feed. According to trade and sales contract data, nearly 1.2 million tons has already been contracted with delivery for the first seven months in MY2010/11. Imports of U.S. wheat in MY 2010/11 are expected to reach 1.4 million tons due to additional feed wheat contracts. The United States exported 230,000 MT of feed grade wheat for the first three months in MY 2010/11.

MY 2009/10 wheat imports reached 4.36 million tons because of stable international prices and the strong local currency. Imports from the United States accounted for 52 percent of total milling wheat to Korea, followed by Australia at 41 percent, Canada at 6 percent and Russia at 1 percent. Russia exported 12,597 tons of milling wheat to Korea for the first time. The variety is a semi-hard type of wheat with about 12 percent protein and when blended with soft wheat produces an all purpose flour. The Russian wheat price was 30 percent lower than U.S. Hard Red Winter wheat (HRW). Presently, Russia has imposed a ban on grain exports from August 2010. Meanwhile, imports from Ukraine accounted for 68 percent of total feed wheat imports, followed by Canada at 20 percent, Russia at 5 percent U.S. at 2 percent.

Korea: Wheat Imports (1,000 MT, Customs Cleared Basis)				
Marketing Year (July/June)	Feed Wheat	Milling Wheat	Flour Imports 1/	Total
03/04	921	2,394	11	3,326
04/05	1,089	2,385	29	3,503
05/06	1,536	2,220	41	3,797
06/07	976	2,298	69	3,343
07/08	565	2,317	105	2,987
08/09	1,151	2,058	69	3,278
09/10	2,164	2,071	127	4,362
10/11 a/	1,400	2,100	100	3,600

Source: Korea Customs Service

1/ Wheat basis

a/ FAS Seoul forecast based on the buying contracts to date.

Korea: MY 20010/11 Monthly Wheat Imports by Origin (1,000 MT, based on Customs Clearance)						
Country	U. S.	Australia	Canada	China	Other	Total
Milling Wheat						
2010 July	147	57	16	0	1	221
August	25	70	17	0	0	113
September	107	113	4	0	1	225
Total	**279**	**240**	**37**	**0**	**2**	**558**

Feed Wheat						
2010 July	65	0	94	0	4	163
August	65	0	46	0	0	111
September	99	0	3	0	25	127
Total	**229**	**0**	**143**	**0**	**29**	**401**
Total Wheat						
2010 July	212	57	110	0	5	384
August	90	70	64	0	0	224
September	206	113	7	0	26	352
Total	**508**	**240**	**181**	**0**	**31**	**960**

Source: Korea Customs Service

Korea: MY 2010/11 Feed Wheat Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of October 2010)		
ETA	Quantity	Price (US$/MT)[1/]
Jul. 2010	165	211
Aug.	275	256
Sep.	165	206
Oct.	275	200
Nov	165	196
Dec	110	193
Jan. 2011	55	192
Total	1,210	

Source: Local Grain Traders

1/ Average CNF

Flour Trade:

MY 2010/11 flour imports are forecast to stay around 73,000 tons (100,000 tons wheat equivalent), as food processors continue searching for the most competitively priced flour. MY2009/10 flour imports are expected to reach 92,886 tons (127,000 tons wheat equivalent) due to a sharp increase of competitively priced Turkish flour. Small-sized restaurants and noodle manufactures have been loyal customers of cheaper priced flour.

MY 2009/10 flour exports slightly rebounded to 44,234 tons (58,979 tons wheat equivalent), up 1 percent from last year. As domestic flour prices remained stable, flour millers exported more wheat flour primarily to Japan. However, flour millers are expected to cut-back on exports as international wheat prices are expected to stay high in MY 2010/11.

Korea: Wheat Flour Imports (Metric Ton, July/June)					
Country	MY2005	MY2006	MY2007	MY2008	MY2009
U.S.A.	315	594	771	425	873
Canada	16,416	28,595	35,662	11,206	34,213
Australia	1,250	2,510	1,721	1,979	1,252
China	8,510	12,037	27,045	815	1,328
Turkey	2,488	4,671	1,981	6,685	24,568

Indonesia	360	942	4,709	4,462	7,647
Hungary	0	0	0	5,601	8,893
Others	424	1,211	5,105	18,951	14,112
Total	**29,763**	**50,560**	**76,994**	**50,124**	**92,886**
Wheat Basis	39,684	67,413	105,328	68,570	127,068

Source: Korea Customs Service (KCS)

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

Source: Korea Customs Service (KCS)

Wheat PSD

Production, Supply and Demand Data Statistics:

Wheat Korea, Republic of	**2008/2009**			**2009/2010**			**2010/2011**		
	Market Year Begin: Jul 2008			**Market Year Begin: Jul 2009**			**Market Year Begin: Jul 2010**		
	USDA Official	**Old Post**	**New Post**	**USDA Official**	**Old Post**	**New Post**	**USDA Official**	**Old Post**	**New Post**
Area Harvested	3	3	3	5	5	5	7	7	13
Beginning Stocks	900	900	900	887	1,126	1,126	1,278	1,092	1,053
Production	10	10	10	26	26	26	27	27	27
MY Imports	3,371	3,278	3,278	4,470	4,100	4,362	3,100	3,600	3,600
TY Imports	3,371	3,278	3,278	4,470	4,100	4,362	3,100	3,600	3,600
TY Imp. from U.S.	1,125	1,148	1,148	1,231	1,000	1,116	0	1,000	1,400
Total Supply	4,281	4,188	4,188	5,383	5,252	5,514	4,405	4,719	4,680
MY Exports	94	56	56	105	60	59	100	60	50
TY Exports	94	56	56	105	60	59	100	60	50
Feed and Residual	1,000	942	942	1,700	2,000	2,172	1,000	1,500	1,500
FSI Consumption	2,300	2,064	2,064	2,300	2,100	2,230	2,300	2,100	2,200
Total Consumption	3,300	3,006	3,006	4,000	4,100	4,402	3,300	3,600	3,700
Ending Stocks	887	1,126	1,126	1,278	1,092	1,053	1,005	1,059	930
Total Distribution	4,281	4,188	4,188	5,383	5,252	5,514	4,405	4,719	4,680
Yield	3.	3.	3.3333	5.	5.	5.2	4.	4.	0.
TS=TD			0			0			0

Wheat Import Trade Matrix

Import Trade Matrix

Country Korea, Republic of
Commodit Wheat

Time Period	July/June	Units:	1,000MT
Imports for:	2008		2009
U.S.	1148	U.S.	1116
Others		Others	
Australia	762	Australia	853
Ukraine	1133	Ukraine	1469
Canada	147	Canada	569
Total for Others	2042		2891
Others not Liste	19		228
Grand Total	3209		4235

Note: exclude the import of wheat flour

Korea: Monthly Wheat Use (1,000 MT)				
Month	Feed Wheat		Milling Wheat a/	
	MY 2009/10	MY 2010/11	MY 2009/10	MY 2010/11
July	162	199	180	182
August	153	141	164	Na
September	169	120	190	Na
October	170	Na	153	Na
November	173	Na	160	Na
December	196	Na	183	Na
January	174	Na	184	Na
February	170	Na	156	Na
March	191	Na	176	Na
April	203	Na	177	Na
May	204	Na	165	Na
June	207	Na	178	Na
Total	2,172	Na	2,066	Na

Source: KFA and KOFMIA

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

CORN

Production:

Corn production is negligible and accounts for roughly one percent of total consumption. Planted area for MY 2010/11 is expected to remain steady at around 16,000 hectares, while production is forecast at 80,000 MT based on the preceding five-year average yield. The government will release 2010 official production figures around April 2011.

Korea: Corn Production			
Crop Year	Area (HA)	Yield (MT/HA)	Production (MT)
2006	13,661	4.73	64,623
2007	16,981	4.82	83,513
2008	18,366	5.05	92,830
2009	15,326	5.02	76,975
2010a/	16,000	4.90 b/	78,400

Source: Ministry for Food, Agriculture, Forestry & Fisheries (MIFAFF), National Statistical Office (NSO)

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

Consumption:

MY 2010/11 corn consumption is expected to increase to 9.1 million MT, up 0.7 million MT from the initial forecast due to an anticipated increase in demand for feed corn caused by limited availability of feed wheat from the Black Sea. Food, seed, and industrial (FSI) corn consumption is expected to continue increasing to 2.1 million MT to meet a growing demand from the soft drink industry. Feed corn consumption is projected to increase to 7.0 million MT, up 0.5 million MT from the initial forecast.

Compound feed production is expected to hold steady at around 17 million metric tons in MY 20010/11. Feed corn is the main ingredient used in compound feed, accounting for roughly 40 percent of total compound feed production. This ratio is projected to remain relatively higher than the previous year as a drop in available feed wheat use will increase feed corn demand.

Corn processors continue using non-biotech identity preserved (IP) corn imported from the United States and traditional corn imported from Hungary, Serbia and Australia. The perceived public concern over biotech continues to exert pressures on imported processing corn, especially biotech corn that is used to manufacture cooking oil and high fructose corn syrup (HFCS). Many food processing companies have been reluctant to use ingredients sourced from biotech corn. Some companies still using HFCS have sourced ingredients imported from China since it is reportedly derived from non-biotech corn.

MY 2009/10 corn consumption reached 8.4 million MT, up 0.5 million MT due to a greater demand from the corn processing industry. The FSI corn consumption increased to 2.0 million MT, up 0.5 million MT due to a greater demand for HFCS, which is gradually replacing sugar in the soft drink industry.

Korea: Total Corn Utilization (Oct./Sept., 1,000 MT)				
Marketing Year	Feed	Processing a/	Food b/	Total
2005/06	6,510	1,996	73	8,579
2006/07	6,914	1,856	63	8,833
2007/08	7,046	1,494	98	8,638
2008/09	6,368	1,418	108	7,894

2009/10 c/	6,362	1,950	100	8,412
2010/11 c/	7,000	2,000	100	9,100

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

a/ Used for wet and dry milling process based on imported corn.

b/ For on-farm human consumption (on-the-cob) or snack food consumed on-the-cob, as puffed kernels or as corn tea. Imported white corn for popping has been included since MY 2004.

c/ FAS Seoul forecast.

Korea: Feed Ingredient Use for Compound Feed Production (October/September, 1,000 MT)				
Items	MY 2007/08	MY 2008/09	MY 2009/10[a/]	MY 2010/11[a/]
Sub. Total Grains and Grain Substitutes	**10,132**	**10,274**	**11,100**	**11,000**
- Wheat	412	1,416	2,149	1,200
- Corn	7,046	6,368	6,362	7,000
-Barley	89	27	2,600	2,800
- Other Grains and Grain Substitute b/	2,585	2,463		
Others c/	**6,167**	**6,060**	**6,100**	**6,100**
Grand Total	**16,299**	**16,334**	**17,200**	**17,100**

Source: Korea Feed Association (KFA)

a/ FAS Seoul forecast.

b/ includes Tapioca, bran and gluten feed.

c/ includes vegetable protein meal, animal protein, minerals/additives, tallow, DDGS and molasses.

Korea: Compound Feed Production by Species (October/September, 1,000 MT)			
Species	MY 2008/09	MY 2009/10 a/	MY 2010/11 b/
Poultry	4,413	4,600	4,600
Swine	5,307	5,500	5,500
Cattle	5,550	5,900	5,900
Others c/	1,009	1,200	1,100
Total	16,279	17,200	17,100

Source: Korea Feed Association (KFA)

a/ based on the first 11 months

b/ FAS/ Seoul forecast

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

Trade:

MY 2010/11 corn imports are projected to climb to 9.0 million tons, up 0.7 million tons from the initial forecast. Feed corn imports during this same period are forecast upward to 7.0 million MT, an increase of 500,000 tons from the initial forecast as feed wheat imports are expected to slip to 1.2 million tons, down 0.8 million tons from the previous year's imports. In addition, the expected minor contraction in animal inventories in 2011 coupled with bullish trends in international corn markets will limit further the growth of feed corn imports. The growth of feed corn import could hinge on the availability of feed wheat imports.

MY 2010/11 U.S. corn imports are forecast at 7 million tons, but could reach as much as 8.0 million tons if China's ban on grain exports continues throughout the year.

MY 2009/10 corn imports are revised upward to 8.45 million tons, up 0.65 million tons from the previous estimates due to a greater demand from the feed milling and corn processing sectors. The feed corn import estimate has been increased to 6.4 million tons. Similarly, the processing corn import estimate has been increased upward to 2.0 million tons. Of note, Korean corn processors have imported 1.4 million tons of non-GM and GM corn from the United States and 0.6 million ton of conventional corn from Hungary, Australia, Brazil, and Serbia.

As of October 2010, importers have contracted 3.1 million ton of corn for October 2010 to July 2011 deliveries. Most of the contracted purchases to date are for U.S. feed corn and optional origin at seller's option among U.S.A, South America or South Africa with a price range of $212-290 per metric ton CNF while corn processors have contracted for U.S. No. 2 non-GM yellow corn and conventional corn from Eastern Europe and South Africa with a price range of $236-290 per metric ton CNF. However there are no contracts with Chinese origin only.

Korea: Corn Imports (1,000MT, Customs Cleared Basis)							
Marketing Year	From World			From the U. S.			U. S. Share
	Feed	Processing	Total	Feed	Processing	Total	%
04/05	6,739	1,895	8,634	2,303	190	2,493	29
05/06	6,507	1,975	8,482	4,813	561	5,374	63
06/07	6,860	1,871	8,731	4,036	150	4,186	48
07/08	7,680	1,629	9,309	7,259	1,077	8,336	90
08/09	5,781	1,431	7,212	4,883	921	5,804	80
09/10	6,447	2,003	8,450	6,097	1,407	7,504	89
10/11 a/	7,000	2,000	9,000	5,500	1,500	7,000	78

Source: Korea Customs Service

a/ FAS/Seoul forecast

Korea: Corn Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of October, 2010)					
ETA	U.S.	EU	South Africa	Others 1/	Total
Oct. 2010	385	55	0	273	713
Nov.	220	0	0	275	495
Dec.	705	165	0	0	870
Jan. 2011	385	55	55	110	605
Feb.	0	0	0	213	213
Mar.	0	0	0	108	108
April	55	0	0	0	55
July	55	0	0	0	55
Total	**1,085**	**275**	**55**	**979**	**3,114**

Source: Local Grain Traders

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

Corn PSD

Corn Korea, Republic of	**2008/2009**	**2009/2010**	**2010/2011**
	Market Year Begin: Oct 2008	**Market Year Begin: Oct 2009**	**Market Year Begin: Oct 2010**

	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	18	18	18	15	15	15	16	16	16
Beginning Stocks	2,079	2,079	2,079	1,473	1,491	1,491	1,450	1,468	1,606
Production	93	93	93	77	77	77	80	80	80
MY Imports	7,188	7,212	7,212	8,500	7,800	8,450	9,300	8,300	9,000
TY Imports	7,188	7,212	7,212	8,500	7,800	8,450	9,300	8,300	9,000
TY Imp. from U.S.	5,736	5,804	5,804	0	5,000	7,504	0	5,000	7,000
Total Supply	9,360	9,384	9,384	10,050	9,368	10,018	10,830	9,848	10,686
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed and Residual	6,368	6,368	6,368	6,800	6,100	6,362	7,500	6,500	7,000
FSI Consumption	1,519	1,525	1,525	1,800	1,800	2,050	1,900	1,900	2,100
Total Consumption	7,887	7,893	7,893	8,600	7,900	8,412	9,400	8,400	9,100
Ending Stocks	1,473	1,491	1,491	1,450	1,468	1,606	1,430	1,448	1,586
Total Distribution	9,360	9,384	9,384	10,050	9,368	10,018	10,830	9,848	10,686
Yield	5.	5.	5.1667	5.	5.	5.1333	5.	5.	5.

Corn Import Trade Matrix

Import Trade Matrix

Country Korea, Republic of

Commodit Corn

Time Period	Oct/Sept	Units:	1,000MT
Imports for:	2008		**2009**
U.S.	5804	U.S.	7504
Others		Others	
Brazil	715	Hungary	289
Hungary	342	Argentina	233
Argentina	167	Brazil	201
Australia	51	Serbia	103
		Australia	19
Total for Others	1275		845
Others not Liste	133		101
Grand Total	7212		8450

Korea: Animal Inventory (1,000 Head, 1,000 Birds)					
Animal	Year	March	June	September	December
Beef Cattle	2006	1,836	1,959	2,021	2,020
	2007	2,043	2,179	2,220	2,201
	2008	2,241	2,448	2,470	2,430

	2009	2,481	2,599	2,641	2,635
	2010	2,706	2,889	2,950	2,928d/
Dairy Cattle	2006	482	471	468	464
	2007	461	456	455	453
	2008	451	445	445	446
	2009	448	439	438	445
	2010	449	432	429	428d/
Swine f/	2006	9,010	9,030	9,369	9,382
	2007	9,345	9,462	9,659	9,606
	2008	8,981	9,153	9,284	9,087
	2009	9,177	9,044	9,381	9,585
	2010	9,768	9,728	9,901	9,865d/
	2011	9,815c/	na	na	na
Layer a/	2005	51,370	54,390	55,020	53,392
	2006	53,520	55,200	55,388	57,238
	2007	56,525	56,542	55,117	56,093
	2008	57,850	59,720	58,200	59,170
	2009	60,240	61,143	61,998	62,967
	2010	62,524	61,586	60,095	60,755d/
Broiler b/	2005	52,743	88,137	65,830	50,422
	2006	63,935	84,279	57,713	55,375
	2007	63,350	87,359	59,946	56,227
	2008	67,010	77,850	55,560	54,480
	2009	68,690	99,983	68,123	67,194
	2010	72,692	101,690	71,271	na

Source: Korea Rural Economic Institute, MIFAFF

a/ Excluding breeders.

b/ Excluding multi-use broilers.

c/ Korea Rural Economic Institute Forecast.

d/ FAS/Seoul forecast based on KREI data

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

RICE

Production:

The Korean Statistical Information Service (KOSIS) recently released its 2010 rice production estimates at 4.35 million metric tons (MMT) based on the nationwide survey of 6,808 rice standard fields conducted from September 15-24, 2010. The estimate is to gauge domestic rice production for 2010, which is the lowest estimate since 1980 and is down 11.6 percent from last year. According to KOSIS, reduced acreage, lower yield, and unfavorable weather conditions are the main reason for the smaller crop.

Further, the survey results showed total planted acreage at 892,074 HA, which is a 3.6 percent decline. Also, a lower yield was recorded compared to last year’s crop. Based on these survey results, Post has revised the 2010 rice production estimate downward to 4.3 million metric tons (MMT) from the initial forecast 4.6 MMT. KOSIS will release its final production estimate shortly after the rice harvest is completed in mid-November.

Yield

Rice farmers prefer planting high yield varieties because of direct government payment designed to support the farming income. However, high yield varieties were less effective due to unfavorable weather conditions this year. Korea experienced severe cold weather spells during the early growing season (May-June), followed by typhoons and heavy rains (early August through mid September).

Korea: Rice Area, Yield and Production			
Crop Year	Area (1,00HA)	Yield (KG/10A)	Production (Milled, 1,000 MT)
2002 a/	1,053	471	4,927
2003 b/	1,016	441	4,451
2004	1,001	504	5,000
2005	980	490	4,768
2006	955	489	4,680
2007	950	464	4,408
2008	936	518	4,843
2009	925	532	4,916
2010 c/	892	487	4,346

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

a/ Heavy rains during the summer and the effects of typhoon Rusa (Aug 31 – Sep 1)

b/ Cool and rainy days during the growing season and the effects of typhoon Maemi (Sep 9 - 12).

c/ Based on the September 15 Rice Crop Survey conducted by Korean Statistical Information Service (KOSIS)

The government subsidizes domestic rice production through direct payments. There are two types of payments. The first type is an area payment, which is based on farm size. The second type is a price support payment. Total support payments were nearly 1.2 trillion Korean Won (US$1.03billion) last year. Additional information on these support payments is available in the May 2010 Grain and Feed Report KS1014 (KS1014 Grain and Feed Annual).

Korea: Direct Payment Program for Rice Income Compensation							
Year	Area Payment (A)			Deficiency Payment (B)			Total (Billion Won) (A)+(B)
	Area (1,000 HA)[1/]	Payment (Won/HA)	Total (Billion Won)	Production (1,000 MT)[2/]	Payment (Won/Kg)	Total (Billion Won)	
2005	1,007	600,000	604.2	4,586	196.4	900.6	1,504.8
2006	1,024	700,000	716.8	4,637	94.2	437.1	1,153.9
2007	1,018	700,000	712.6	4,553	61.3	279.3	991.9
2008	1,014	700,000	709.8	4,499	none	0	709.8
2009	894	703,696	632.8	3,977	150.4	597.1	1,229.9
2010 [3/]	890	700,000	623.0	na	na	na	na

Source: FAS/Seoul estimate based on MIFAFF data

1/ Those eligible for payment include farmers, farming union corporations, agricultural corporations, or anyone producing rice on a minimum of 0.1 HA of farmland between Jan 1, 1998 and Dec 31, 2000.

2/ based on the Olympic average rice yield is 4,880 Kg per hectare for 1999-2003 and actual cultivated area registered under the program.

3/ FAS/Seoul estimates

Note: The scale of area payment has reduced due to tightened qualification effective June 26, 2009.

In addition to the above mentioned support payments, the government also purchases rice for price stabilization purposes.

Between October and December 2010, the Korean government plans to purchase 340,000 MT (milled basis) of paddy rice as part of the Public Storage System for Emergencies (PSSE). Importantly, the planned purchase represents 8 percent of the 2010 rice crop estimate. The government promises additional new crop purchases to stabilize farm gate prices during the 2010 harvest season. Under this program, the Korean government will purchase domestic paddy rice during the harvest season (Oct-Dec) while paying the average market price and selling it during the non-harvest periods at the prevailing domestic market price.

Korea: Government Rice Purchases			
Crop Year	Production(1,000 MT)	Purchase(1,000 MT)	%
2005	4,768	719	15
2006	4,680	504	11
2007	4,408	417	9
2008	4,843	400	8
2009	4,916	370	7.5
2010 a/	4,300	340	8

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

a/ Plan

Government and NACF's Loan program to purchase rice

The government expects to purchase approximately 2.3 million metric tons that includes 340,000 MT of government direct purchasing under the PSSE program, down 18 percent from the previous level of 2.81 million MT that also included 370,000 MT of government purchasing under PSSE in 2009.

Rice farmers and rice millers have mainly conducted rice purchasing through payment in cash or consignment sale during the rice harvest season. The Korean government announced that it will provide loans to rice farmers and rice millers worth 1.2 trillion Korean Won (US$1.03 billion) a special loan rate between 1-2 percent per annum this year. The National Agricultural Cooperative Federation (NACF), the national farmers group continues to provide loans to rice farmers/millers worth 1.4 trillion Korean Won (US$1.27 billion). The main goal of NACF's loan program is to encourage rice millers to purchase more rice from farmers, thus minimizing harvest pressures in the rice market.

Most of the rice purchased through the special loan programs provided by the Korean government and the NACF will be released into rice retail market through NACF Rice Processing Complex (RPC) and independent RPCs throughout the 2010/11 rice marketing year. The Korean government hopes its rice purchasing measures will help prop up prices.

Korea: NACF Rice Purchases a/			
Crop Year	Production(1,000 MT)	Purchase(1,000 MT)	%
2005	4,768	1,071	22
2006	4,680	1,306	28
2007	4,408	1,227	28
2008	4,843	1,617	33
2009	4,916	1,950	40
2010 b/	4,300	1,500-2,000c/	35-47

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

a/ exclude independent RPC purchases

b/ Plan
c/ FAS/Seoul forecast

Rice Reduction Plan
The government is encouraging rice farmers to cultivate other crops because of the surplus rice produced by consecutive bumper crops. The Korean government has revised relevant regulations supporting direct payment to eligible farmers for cultivating other crops. In addition, the government plans to provide support of 3 million Korean won ($2,700) per hectare for farmers who cultivate other crops in their rice paddy lands. The plan is to have rice farmers cultivate other crops in 40,000 HA paddy land from 2011-2013. The government's target is to reduce rice production by 200,000 MT annually.

Government Addresses Oversupply Situation:
The Korean rice industry has been struggling to cope with sagging table rice prices caused by high ending stocks resulting from the oversupply for the past two years. In an effort to address the situation, the Korean government continues a campaign to increase processed rice foods consumption.

MIFAFF announced that it will reduce ending stocks by 500,000 tons by slashing the price of 110,000 tons of government-held domestic rice (2005 crop) at 280 Korean Won/Kg ($0.24) for food processing and 228 Korean Won/Kg ($0.20) for liquor processing, respectively, while 390,000 tons of government held domestic rice and imported rice (2006-2008 crops) will be released to the rice food industry at 355 Korean Won/Kg ($0.31) until the end of 2011.

The government will release older rice stocks into the processing sector gradually. Further, the processing sector is being urged to replace wheat flour with rice flour in traditional condiments such as soybean paste and red pepper paste. The latter will prevent domestic processing rice from competing directly with imported rice. The continuing effort to reduce government held stocks is also part of MIFAFF's plan to cut rice storage costs.

Consumption:
Korean consumers prefer short grain table rice compared with other rice varieties. MY 2010/11 consumption is forecast at 4.8 million tons mainly due to the government's campaign, which calls for increased rice consumption by the food processing industry.

Per capita table rice consumption continues to decline as eating habits change due to rising incomes and the growing popularity of Western foods. Annual per capita table rice consumption reached its peak at 136.4 Kg in 1970 and has gradually declined and is forecast to fall to a record low of 70 Kg in MY 2010/11.

Korea is self sufficient in rice production and 76 percent of production is consumed as table rice. Korea also consumes a relatively small volume of imported rice as part of its commitment under the World Trade Organization (WTO) Minimum Market Access (MMA) rice agreement.

In MY 2010/11, Korea's food processing industry is expected to use about 750,000 tons of rice (milled), comprising of 250,000 tons for liquor processing and 500,000 tons for food processing. Consumption of processing rice is expected to grow gradually in the coming years as the government continues its efforts to globalize Korean cuisine, which includes rice cakes and other rice based snacks.

The country's surplus rice situation has also pressed the government to provide rice-based Research and Development (R & D) assistance promoting the rice processing industry. The government has set an annual budget for rice R&D at three billion Korean won (US$2.6 million) from 2010-2012. From 2010-2017 the government will annually float 60 billion Korean Won (US$51.7 million) with one percent interest rate per annum for a facility funding program. Additional support is being provided to rice processors to help set up processing facilities. The government has also launched the "R-10 Korea" campaign, which encourages consumers to switch from wheat-based products to rice-based products.

Domestic Rice Processing Industry Expected to Grow:
The Korea Rice Foodstuffs Association (KFRA) is the main client for imported processing rice, most of which is used for rice cakes, noodles and rice flour. The Korea Alcohol & Liquor Industry Association (KALIA) also uses both domestic and imported rice for liquor production.

In CY 2010, MIFAFF sold imported rice to KFRA members at 705 Korean Won/kg (US$ 0.61) for short grain rice, 685 (US$0.59) for medium grain rice and 613.50 (US$0.53) for long grain rice (on a milled basis), respectively, which are about 65-80 percent of the purchase prices. The price of imported rice is set each year and is benchmarked against the price of wheat flour (900 w/kg=US$0.78), which is considered a close substitute. In contrast, the prices of domestic processing rice have been spread out by the crop year; 768 Korean Won/Kg (US$0.66) for 2005 crop, 960 (US$0.83)for 2006 crop, 1,228 (US$1.06) for 2007 crop and 1,382 (US$1.19) for 2008 crop. This price differential has made imported processing rice an attractive option to food processors, especially over the last couple years with record high wheat flour prices.

Korea: Rice Utilization Pattern (1,000 MT, milled)				
Rice Year (Nov.- Oct.)	MY 2007/08	MY 2008/09 a/	MY 2009/10 b/	MY 2010/11 c/
Table Rice	3,755	3,684	3,602	3,522
Processing	436	411	721	750
(for food)	(436)	(321)	(471)	(500)
(for liquor)	(0)	(90)	(250)	(250)
Seed	40	40	39	39
Other, including loss	443	654	471	500
Total Demand	**4,674**	**4,789**	**4,833**	**4,811**
Per Capita Table Rice Consumption (Kg)	75.8	74.0	72.0	70.0

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

a/ Revised b/ Preliminary c/ FAS/Seoul Forecast

Korea: Processing Rice Consumption Pattern (1,000 MT, milled)			
Purpose	MY 2008/09 a/	MY 2009/10 b/	MY 2010/11 c/
KRFA	132	145	180
KALIA	90	250	250
Others	189	326	320
Total	411	721	750

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

a/ Revised b/ Preliminary c/ FAS/Seoul Forecast

Korea: Rice Supply for Processing Purposes to KRFA Members (Metric Ton, Milled)			
Calendar Year	Local Rice	Imported Rice	Total
1995	200,160	0	200,160
1996	130,632	3,000	133,632
1997	30,171	57,957	88,128
1998	933	77,259	78,192
1999	0	74,214	74,214
2000	0	67,112	67,112
2001	0	66,850	66,850
2002	79	73,884	73,963
2003	306	84,851	85,157
2004	249	91,624	91,873
2005	215	96,020	96,235
2006	67	97,250	97,317
2007	210	101,064	101,274
2008	572	109,552	110,124
2009	806	131,344	132,150
2010 a/	na	na	145,000
2011 a/	na	na	180,000b/

Source: Korea Rice Foodstuffs Association (KRFA)

a/ KRFA's forecast

b/ include 20,000-30,000 MT of local rice

Trade:

Korea imports rice as part of its WTO MMA rice agreement. Under the agreement import volumes will continue to grow according to the predefined MMA schedule until the end of 2014 after which imports will be subject to a tariff equivalent (TE).

Imports:

Under the MMA, the United States, China, Thailand and Australia were each allocated fixed country specific quotas (CSQs). There are also several global quota allocations, which are generally limited to different brown rice, short, medium, and long varieties.

The MMA tendering process has historically started late in the year with deliveries scheduled through the third quarter of the coming year. The 2010 MMA tendering process is currently underway with deliveries scheduled up until November of next year for some portion of table rice because selling auctions have been sluggish since 2009. However, the intent of the MMA agreement was that these import commitments would be completed within the corresponding calendar year.

MY 2010/11 rice imports are forecast at 330,000 metric tons, which roughly matches Korea's import commitment for calendar year 2010. The import estimate for U.S. rice for MY 2010/11 is 90,000 metric tons. This estimate could climb slightly higher depending on the redistribution of the Australian CSQ under the global quota. Australia has not filled its CSQ for the fourth straight year due to limited exportable supplies and is likely to notify Korea of its inability to export rice under 2010 MMA.

2010 MMA Tendering Process

The state trading arm of the Korean government, the Korea Agro-Fishery Trade Corporation (aT), has purchased 130,848 metric tons (milled), about 40 percent of the entire 2010 MMA import commitments, mainly from the United States and Thailand as of October 29, 2010.

The United States was awarded 64,092 metric tons for brown medium grain rice at US$676-812 per metric ton CIP in container or bulk, 16,219 metric tons for milled medium grain rice for table purpose at US$ 908-928 per metric ton CIF in container and 1,000 metric tons of sweet rice at US$1,120 per metric ton CIF.

See tender results in Appendix for additional details.

Korea: MMA Rice Allocations
(MT, milled rice)

Calendar Year	Total	Global Quota (MFN)	Country Specific Quota (CSQs)				
			Total	USA	China	Thailand	Australia
2005	225,575	20,347a/	205,228	50,076	116,159	29,963	9,030
2006	245,922	49,724b/	196,198	50,076	116,159	29,963	c/
2007	266,270	70,072d/	196,198	50,076	116,159	29,963	c/
2008	286,617	90,419e/	196,198	50,076	116,159	29,963	c/
2009	306,964	110,766f/	196,198	50,076	116,159	29,963	c/
2010	327,311	122,083	205,228	50,076	116,159	29,963	9,030

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

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

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

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

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

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

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

Korea: CSQ Table Rice Allocation
(MT, Milled rice)

	USA	China	Thailand	Australia	Total
2005	5,504	12,767	3,293	993	22,557
%	24.4	56.6	14.6	4.4	100
2006	10,414	21,500	1,000	1,515	34,429
%	30.3	62.4	2.9	4.4	100
2007	14,193	29,626	2,000	2,109a/	47,928
%	29.6	61.8	4.2	4.4	100
2008	18,989	39,292	2,000	2,774b/	63,055
%	30.1	62.3	3.2	4.4	100
2009	23,760	49,462	3,078 c/	3,510 b/	79,810
%	29.8	62.0	3.8	4.4	100
2010 plan	**26,219**	**65,556**	**2,100 c/**	**4,318**	**98,193**
%	**26.7**	**66.8**	**2.1**	**4.4**	**100**

Source: MIFAFF

a/ USA won the Australian CSQ allocation converted to MFN due inability to fulfill quota due to drought conditions.

b/ China won the Australian CSQ allocation converted to MFN due inability to fulfill quota due to drought conditions.

c/ included 90MT of Jasmin rice

Korea: Processing Rice Allocation Based on CSQ (MT, Milled rice)					
	USA	China	Thailand	Australia	Total
2005	44,572	103,392	26,670	8,037	182,671
%	24.4	56.6	14.6	4.4	100
2006	39,662	94,659	28,963	7,515	170,799
%	23.2	55.4	17	4.4	100
2007	35,883	86,533	27,963	6,921a/	157,300
%	22.8	55.0	17.8	4.4	100
2008	31,087	76,867	27,963	6,256a/b/	142,173
%	21.9	54.1	19.6	4.4	100
2009	26,316	66,697	26,885	5,520c/	125,418
%	21.0	53.2	21.4	4.4	100
2010 plan	**23,857d/**	**50,603d/**	**27,863**	**4,712**	**107,035**
%	**22.3**	**47.3**	**26.0**	**4.4**	**100**

Source: MIFAFF

a/ Thailand won the Australian CSQ allocation converted to MFN due inability to fulfill quota due to drought conditions.

b/ broken rice

c/ Pakistan won the Australian CSQ allocation converted to MFN due inability to fulfill quota due to drought conditions.

d/ include 4,500 MT of long grain, respectively.

Korea: Global Quota Allocation per Rice Variety (MT, Milled rice)							
	Medium Grain	Short Grain	Long Grain	Optional Variety	Others		Total
2005	6,104	11,192	3,052	na	na	na	20,347
%	30	55	15	na	na	na	100
2006	13,022	21,568	6,104	na	na	na	40,694
%	32	53	15	na	na	na	100
2007	19,534	32,351	9,156	na	na	na	61,041
%	32.0	53	15	na	na	na	100
2008	19,534	32,352	9,156	20,347 a/	na	na	81,389
%	24.0	39.8	11.2	25.0	na	na	100
2009	31,270	40,119	9,000	na	20,347 b/	1,000 c/	101,736
%	30.7	39.4	8.9	na	20.0	1.0	100
2010 plan	**33,325**	**42,411**	**15,347**	**5,000 d/**	**25,000 b/**	**1,000 c/**	**122,083**
%	**27.3**	**34.7**	**12.6**	**4.1**	**20.5**	**0.8**	**100**

Source: MIFAFF

1/ MIFAFF introduced an optional variety allocation in the 2008 MMA in order to minimize outlays due to rising international grain prices.

a/ Optional Variety among medium, short and long grain

b/ Broken rice with an optional variety

c/ Sweet rice with an optional variety

d/ Optional Variety between medium and short grain

Korea: Auctioned-Off Prices of Imported Table Rice Comparing with Local Rice

(Unit: Korean Won per Kg on Average)							
Auctioning-off Period	U.S. Medium Grain		Chinese Short Grain (Medium Grain)		Thai Long Grain	Korean Short Grain Wholesale	
	#1	#3	#1	#3	#1	High Quality	Medium Quality
2006 April-September (2005 MMA)	1,138	991	1,274	1,133	555	1,861	1,812
2007 March-August (2006 MMA)	1,363	1,211	1,357	1,303	953	1,961	1,916
2008 February-August (2007 MMA)	1,542	1,510	1,487	1,558	1,132	2,034	1,983
2009 February-May 2010 (2008 MMA)	1,160	994	1,125 (1,100)	na	1,329	1,913	1,845
2010 February-October 2010a/ (2009 MMA)	1,074	na	1,052	906	931	1,653	1,603

Source: Korea Agro-Fishery Trade Corporation (aT)

a/ selling auction is ongoing. **(as of October 18, 2010)**

Exports:

Korea exports negligible amount of rice. For the first eight months in CY 2010, Korea exported 2,800 MT of milled rice to 32 countries worldwide. Australia imported 1,264 MT or 51 percent of total Korean rice exports. The U.S. imported 186 MT of Korean rice for the period.

In October 2010, Korea's National Red Cross donated 5,000 MT of milled rice to DPRK' Central Committee of the Red Cross in response to a food aid request for flood victims.

Korea: Rice Export (Milled)				
Calendar Year	To the World		To the United States	
	Quantity (MT)	Value (US$1,000)	Quantity (MT)	Value (US$1,000)
2005	18	89	5	5
2006	9	40	0.2	1
2007	507	1,322	333	876
2008	356	829	115	285
2009	4,183	7,300	443	777
2010 (Jan.-Sep.)	2,802	4,818	186	400

Source: Korea Customs Service

Tariffication:

In early October 2010 the government-sponsored rice sub-committee submitted a comprehensive proposal for early tariffication to the government. The plan contains strong pro and con arguments on tariffication from farmer groups. The sub-committee recommended that the government should implement an early tariffication policy after establishing domestic support measures reflecting small-and-medium sized farmers concerns. Additionally, based on the sub-committee's recommendation the government plans to establish a "Five-Year Comprehensive Plan for Rice Industry Development" by the end of 2010. If all goes according to the sub-committee's recommendation, the government's internal procedures for implementing early tariffication could be completed during the first half of next year. If the Korean government were to pursue early tariffication, Korea could open up its rice market beginning January 2012.

Stocks:

MY 2010/11 ending stocks are forecast to decrease to 1.2 million tons, down 13 percent from the previous year, due mainly to a fall in CY 2010 production and government supported programs to increase rice and rice based products consumption. MY 2009/10 ending stocks are estimated at 1.37 million metric tons, down 7 percent from the initial forecast of 1.47 million tons because the government started releasing 110,000 MT of 2005 crop for liquor production in September 2010.

Ending stocks of imported rice are expected to stay above the previous levels because liquor processors plan to use domestic rice rather than imported rice over the short run.

Korea: Status of Rice Stocks
(Milled rice, 1,000 MT, as of end October)

Rice Year (Nov.-Oct.)	2005/06	2006/07	2007/08	2008/09 a/	2009/10 b/	2010/11 b/
Total	815	702	694	1,001	1,367	1,183
Government Stock	705	596	608	941	1,367	1,183
-Domestic Rice	493	456	510	851	1,187c/	983
-Imported Rice	212	140	98	90	180	200
Civil Stock	110	106	86	60	0	0

Source: FAS/Seoul Estimate based on MIFAFF data.

a/ MIFAFF Preliminary

b/ FAS/Seoul forecast

c/ includes 160,000 MT of 2006 crop, 5,000 MT of 2007 crop and 280,000 MT of 2008 crop.

Rice PSD

Rice, Milled Korea, Republic of	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Nov 2008			Market Year Begin: Nov 2009			Market Year Begin: Nov 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	936	936	936	924	924	924	900	900	892
Beginning Stocks	694	694	694	996	1,002	1,001	1,458	1,464	1,367
Milled Production	4,843	4,843	4,843	4,916	4,916	4,916	4,710	4,600	4,300
Rough Production	6,545	6,545	6,468	6,643	6,643	6,643	6,365	6,216	5,811
Milling Rate (.9999)	7,400	7,400	7,488	7,400	7,400	7,400	7,400	7,400	7,400
MY Imports	250	256	256	300	300	292	330	330	330
TY Imports	245	241	241	300	300	304	330	330	330
TY Imp. from U.S.	40	70	70	0	80	91	0	90	90
Total Supply	5,787	5,793	5,793	6,212	6,218	6,209	6,498	6,394	5,997
MY Exports	3	3	3	4	4	9	5	3	3
TY Exports	4	4	4	4	4	9	5	3	3
Consumption and Residual	4,788	4,788	4,789	4,750	4,750	4,833	4,800	4,740	4,811
Ending Stocks	996	1,002	1,001	1,458	1,464	1,367	1,693	1,651	1,183

Total Distribution	5,787	5,793	5,793	6,212	6,218	6,209	6,498	6,394	5,997
Yield (Rough)	7.	7.	6.9103	7.	7.	7.1894	7.	7.	6.5146

Appendix

Korea: 2010 MMA Rice Tender Schedule and Results
(Milled Rice, Metric Ton, as of 10/29/2010)

No.	Bidding Date	Specs (contracted date)	Quantity, milled (brown)	Delivery (disport)	Origin (Awarded Price: US$/MT)	Milling Type	Quota Type
1	9/14/10	SG #3 or MG #3 Optional (9/27/10)	5,000 (**5,556**)	By 3/31/11 Busan in container	676.00CIP from SM/ADM USA	Brown	Global
		MG #3 (9/27/10)	18,000 (**20,000**)	By 12/31/10 Gunsan	736.00CIP from SM/ADM USA		
		LG #3 (9/27/10)	9,000 (**10,000**)	By 11/30/10 Inchon	517.78 CIP from DW/Siam Indica Thailand		
2	9/28/10 10/26/10	SG #3	18,000 (**20,000**)	By 1/31/2011 Inchon (10,000) Masan (10,000)			
		MG #3 (10/1/10)	15,325 (**17,028**)	By 2/28/2011 Kwang Yang	758.00 CIP from SM/ADM USA		
		LG #3 (10/1/10)	6,347 (**7,052**)	By 2/28/2011 Busan in container or Masan in bulk	517.78 CIP from DW/Siam Indica Thailand		
3	10/5/10	SG #1	**29,334**	By Jan-Jun 2011 Pyeongtaek Inchon	China	Milled	CSQ
		MG#1	**10,000**	By Jan-Jun 2011 Busan	USA		
		LG#1 (10/8/10)	**2,010**	By Jan/Mar 2011 Busan	616.11 CIF from DW/ Srimaitai Thailand		
		LG#1 (10/8/10)	**90**	By Jan 2011 Busan	1,229.45 CIF from DW/ Srimaitai Thailand		
		MG#1	**2,159**	By Apr-May 2011 Busan	Australia		
4	10/19/10	SG #1	**10,000**	By 10/31/2011 Pyeongtaek/Inchon	China		
		SG #3	**26,222**	By 11/30/2011 Pyeongtaek/Inchon	China		
		MG#1 (10/22/10)	**13,597**	By 11/30/2011 Busan	928.00 CIF from SM/ADM USA		
		MG#3 (10/22/10)	**2,622**	By 11/30/2011 Busan	908.00CIF from SM/ADM USA		
		MG#3	**2,159**	By 6/30/2011 Busan	Australia		
5	10/19/10	SG #3	24,411 (**27,123**)	By 2/28/2011 Inchon with 12,123 MT and Mokpo with 15,000 MT, respectively		Brown	Global

		Broken Rice US #3 Brewer's Milled Rice (10/22/10)	**25,000**	By 3/31/2011 Inchon	467.85 CIP from DW/ Siam Indica Thailand	Milled	
6	10/26/10	MG #3 or SG #3 Glutinous Milled Rice Optional (10/29/10)	**1,000**	By 3/31/2011 Inchon/Busan	1,120 CIF from LG/FRC USA	Milled	Global
		SG #3	13,500 (**15,000**)	By 4/30/2010 Donghae	China	Brown	CSQ
		SG #3	9,000 (**10,000**)	By 4/30/2010 Inchon	China		
		MG#3 (10/29/10)	19,357 (**21,508**)	By 6/30/2011 Busan/Masan	812 CIP from SM/ADM USA		
		LG #3 (10/29/10)	13,500 **(15,000)**	By 2/28/2011 Donghae	504.85 CIP from Hyolim/Chiameng Thailand		
		MG #3	4,712 **(5,236)**	By 4/30/2011 Busan/Masan	Australia		
7	10/29/10	SG #3	23,603 **(26,226)**	By 6/30/2011 Ulsan(15,000)& Kunsan(11,226)	China	Brown	CSQ
		LG #3	4,500 **(5,000)**	By 5/31/2011 Mokpo	China		
		LG #3	4,500 **(5,000)**	By 5/31/2011 Busan or Masan	USA		
		LG #3	14,363 **(15,959)**	By 5/31/2011 Kunsan	Thailand		
Total (Milled)			327,311				

Source: Korea Agro-Fishery Trade Corporation (aT)

Note: Milling rate for milled rice is applicable at 90 percent of brown rice, and vice versa.

LG denotes long grain, SG short grain and MG medium grain, respectively.

CIP: Carriage and insurance Paid to—Commodity + Ocean Freight + Insurance (about 0.33% of CNF) + Unloading Charge (about US$20/MT) + Customs Clearance Fee (about one million Korean Won)

CFR: Cost and Freight— Commodity + Ocean Freight

CIF: Cost, Freight and Insurance

Korea: U.S. Table Rice Delivery Schedule Based on Tender Invitations

Commodity	Origin	Grade	Total Quantity	Delivery in 2011	Quantity	Disport
Non-Glutinous Milled Rice Medium Grain (Japonica Type)	USA	US.No.1	23,597	Jan.	816	Busan
				Feb.	1,632	
				Mar.	1,632	
				Apr.	2,040	
				May	1,632	
				Jun.	2,248	
				Aug.	3,200	
				Sep.	4,000	
				Oct.	3,200	
				Nov.	3,197	
		US.No.3	2,622	Oct.	1,500	
				Nov.	1,122	

Korea: Allocation of the MMA for 2005-2014 (MT, Milled rice)							
Calendar Year	Total	Global Quota	Country Specific Quota (CSQs)				
			Total	USA	China	Thailand	Australia
2005	225,575	20,347a/	205,228	50,076	116,159	29,963	9,030
2006	245,922	49,724b/	196,198	50,076	116,159	29,963	c/
2007	266,270	70,072d/	196,198	50,076	116,159	29,963	c/
2008	286,617	90,419e/	196,198	50,076	116,159	29,963	c/
2009	306,964	110,766f/	196,198	50,076	116,159	29,963	c/
2010	327,311	122,083	205,228	50,076	116,159	29,963	9,030
2011	347,658	142,430	205,228	50,076	116,159	29,963	9,030
2012	368,006	162,778	205,228	50,076	116,159	29,963	9,030
2013	388,353	183,125	205,228	50,076	116,159	29,963	9,030
2014	408,700	203,472	205,228	50,076	116,159	29,963	9,030

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

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

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

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

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

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

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

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

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

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

Korea: Rice allocation per Country on the buying tender under MMA (Milled basis, MT)								
Calendar Year	MMA Quota	U.S.A.	China	Thailand	India	Vietnam	Pakistan	Australia
1995	51,307	0	0	0	51,307	0	0	0
1996	64,134	0	64,134	0	0	0	0	0
1997	76,961	0	58,961	18,000	0	0	0	0
1998	89,787	0	83,487	6,300	0	0	0	0

1999	102,614	0	80,114	13,500	0	9,000	0	0
2000	102,614	0	84,614	18,000	0	0	0	0
2001	128,268	27,000	63,000	18,000	0	0	0	20,268
2002	153,921	36,000	95,421	22,500	0	0	0	0
2003	179,575	49,500	103,075	27,000	0	0	0	0
2004	205,228	58,500	117,028	29,700	0	0	0	0
2005	225,575	56,179	127,351	33,015	0	0	0	9,030
2006	245,922	63,101	145,343	37,478	0	0	0	0
2007	266,270	71,719	148,511	46,040a/	0	0	0	0
2008	286,617	69,610	151,285	65,722	0	0	0	0
2009	306,964	81,346	159,788	60,310	0	0	5,520	
Total	2,485,757	512,955	1,482,112	395,565	51,307	9,000	5,520	29,298

Source: FAS/Seoul

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

Korea: Monthly Wholesale Price of Milled Rice (High Quality)						
Month\Year	CY 2008		CY 2009		CY 2010	
	Won/Kg	US$/Kg	Won/Kg	US$/Kg	Won/Kg	US$/Kg
January	1,969	2.09	2,060	1.53	1,710	1.50
February	1,993	2.11	2,051	1.43	1,710	1.48
March	2,000	2.04	2,048	1.40	1,693	1.49
April	2,000	2.04	2,040	1.53	1,677	1.50
May	2,010	1.95	2,018	1.61	1,639	1.41
June	2,058	2.00	1,951	1.55	1,630	1.34
July	2,076	2.04	1,917	1.52	1,630	1.35
August	2,100	2.02	1,867	1.51	1,619	1.37
September	2,100	1.86	1,830	1.51	1,605	1.38
October	2,021	1.53	1,756	1.50	1,605	1.43
November	2,020	1.46	1,711	1.47	Na	Na
December	2,030	1.48	1,710	1.47	Na	Na
Average	2,032	1.85	1,913	1.50	1,653	1.43

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Korea: Monthly Retail Price of Milled Rice (High Quality)						
Month\Year	CY 2008		CY 2009		CY 2010	
	Won/Kg	US$/Kg	Won/Kg	US$/Kg	Won/Kg	US$/Kg
January	2,174	2.31	2,302	1.71	2,101	1.84
February	2,182	2.31	2,299	1.61	2,090	1.81
March	2,201	2.25	2,298	1.58	2,080	1.83
April	2,210	2.25	2,287	1.72	2,102	1.88
May	2,233	2.16	2,281	1.82	2,086	1.80
June	2,258	2.19	2,255	1.79	2,057	1.70
July	2,272	2.24	2,221	1.76	2,052	1.70
August	2,273	2.18	2,204	1.78	2,054	1.74

September	2,289	2.03	2,201	1.81	2,031	1.74
October	2,269	1.72	2,188	1.87	2,047	1.82
November	2,317	1.67	2,139	1.84	Na	Na
December	2,318	1.69	2,110	1.81	Na	Na
Average	2,251	2.05	2,093	1.64	2,071	1.79

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Korea: Foreign Exchange Rate (Korean Won against US$)		
Month	2009	2010
January	1,345	1,139
February	1,430	1,155
March	1,458	1,136
April	1,336	1,116
May	1,254	1,161
June	1,258	1,212
July	1,262	1,205
August	1,237	1,179
September	1,215	1,164
October	1,172	1,122
November	1,163	na
December	1,163	na
Average	1,274	1,159