

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary    Public

**Date:** 1/31/2012

**GAIN Report Number:** KS1205

## **Korea - Republic of**

**Post:** Seoul

### **Korea's Adjustment and In-Quota Tariffs for 2012**

**Report Categories:**

Agricultural Situation

**Approved By:**

M. Kathryn Ting

**Prepared By:**

Sunyoung Choi / Gerald Smith

**Report Highlights:**

Korea recently announced changes to its 2012 tariff schedule opening tariff-rate quotas and adjusting tariffs for certain agricultural products to stabilize domestic consumer prices. A zero-duty tariff-rate quota for 70,000 MT of fresh and frozen pork bellies and pork for processing is opened from January 1-March 31. Zero-duty TRQ's are opened from January 1-June 30 for live swine, dried milk, dairy spreads, and fresh cheese (mozzarella and other fresh cheese among others, while the tariff on peanuts is dropped from 50 to 24 percent for up to 5,000 MT. The duty on raisins is also reduced from 21 to 8 percent; on soyoil from 5 to 2 percent; and on chocolate and confectionary from 8 to zero percent for this period. Zero or low duty TRQ's are opened for the entire year for a number of products used for producing livestock feed.

**General Information:****Adjustment Tariffs & Voluntary TRQs Announced for 2012**

On December 28, 2011, the Ministry of Strategy and Finance (MOSF) published updated tariffs (Table I) and tariff-rate quotas (TRQs) (Table II, III & IV) for selected agricultural, forestry and fishery products. Revisions in Tables I & IV are effective through calendar year 2012, while those in Table II will be effective during the 1<sup>st</sup> quarter of 2012 (January 1 – March 31, 2012) and Table III will be effective for the first half of 2012 (January 1 – June 3, 2012). These changes are expected to facilitate continued imports of U.S. agricultural products, particularly feed grains and food ingredients. The most notable changes are listed below.

Key highlights of Korea's Adjustment and In-Quota Tariffs for 2012 include:

**Pork/Hogs**

The price of pork belly meat – the most popular pork cut in Korea – generally increases during the Lunar New Year holidays. Thus, the Ministry of Strategy & Finance (MOSF) continuing its efforts to curb rising consumer inflation decreased the duties to zero on 70,000 MT of imported bellies and other pork cuts from January 1, through March 30. MOSF's intervention is also aimed at eliminating shortages as a result of the 2010 foot and mouth disease (FMD) outbreaks. Other notable changes were the tariff adjustments for breeding swine. The duty for breeding swine was lowered from 18 percent to zero from January 1 through June 30.

**Feed**

Feed demand has increased with the recovery of the livestock sector. Thus, the government decreased the quota tariff for important feed ingredients such as DDGS and soybean oil-cake from 3 percent to zero and 1 percent to zero respectively from January 1 through December 31.

**Cheese**

In addition, the Government of Korea imposes no import duties on 7,000 tons of fresh cheese including mozzarella, cream cheese, cheddar and Gouda (HSK 040610, 040690) from January 1, through June 30. Importers believe that additional quantities for cheese are warranted through the end of the year.

**Vegetable oils**

Vegetable oil quota tariff decreased items include sunflower seed oil, rape seed oil, maize oil, grape seed oil, and soybean oil. The in-quota tariff rate on an unlimited quantity of food grade soybean oil is now 2.5 percent down from the 5 percent base rate for the second half of CY 2011.

**Consumer-oriented (chocolate, peanuts, raisins)**

Other significant quota tariff decreased items include chocolate, ground nuts, and raisins. The government decreased the base tariff rate for unlimited quantities of dried grapes from 21 percent to 8 from January 1 through June 30. In addition, the government also announced a zero-duty on unlimited quantities of chocolate from January 1 through June 30, 2012.

Table I. Adjustment Tariffs for CY 2012  
(Effective as of January 1, 2012)

HS No.	Commodity	WTO Bound Rate	Adjustment Tariff		
			2011	2012	Changes
0301 (Live)	Eel 0301 92	None	27 A/	27 A/	-
	Sea-bream 0301 99	None	31 B/	28 C/	-3
	Sea bass 0301 99	None	31	28	-3
	Croaker 0301 99	None	28	28	-
0303 (Frozen)	Alaska Pollack 0303 67 0303 69	None	25	25	-
	Saury, excluding horn fish 0303 89	None	28	28	-
	Croaker 0303 89	None	47	43	-4
0306	Salted or brine shrimp 0306 26 030627	None	42 D/	38 E/	-4
0307	Squid (Frozen) 0307 49	None	22	22	-
0709	0709 59	90 F/	40 F/	40 F/	-
0712	Oak mushroom 0712 39				
1902	Chinese vermicelli 1902 19	54 G/	30 G/	28 H/	-2
1904	Steamed or boiled rice 1904 90 1904 90	54	50	50	-
2103	Tomato Sauce 2103 20	54	45	45	-
2103	Gochujang (red pepper paste), Other 2103 90	54	45	45	-
2103	Mixed Seasonings 2103 90	54	45	45	-
2103	Mae Joo (fermented soybean) 2103 90	54 I/	13 J/	13 J/	-
4412	Plywood 4412 31 4412 32 4412 39 4412 99	None	10	10	-

Source: Ministry of Strategy and Finance (MOSF)

Note:

A/ or 1,879 Won/kg, whichever is greater.

B/ or 2,272 Won/kg, whichever is greater.

C/ or 2,052 Won/kg, whichever is greater.

D/ or 283 Won/kg, whichever is greater.

E/ or 256 Won/kg, whichever is greater.

F/ or 1,625 Won/kg, whichever is greater.

G/ or 238 Won/kg, whichever is greater  
H/ or 222 Won/kg, whichever is greater  
I/ or 218 Won/kg, whichever is greater.  
J/ or 52 Won/kg, whichever is greater.

Table II. Voluntary Tariff Rate Quota (TRQ) Quantities and In-quota rates for January 1 – March 30, 2012 Period

HS No.	Commodity	Base Tariff Rate	Quota Tariff Rate (%)		Trade (Metric ton)	
			2012 1/	2012 Quota (MT) 1/	2011 Total Imports 2/	2011 Imports from U.S. 2/
0203	Pork, fresh or frozen (pork belly) 0203 19	22.5	0	70,000	15,920	5,257
0203	Pork, fresh or frozen (for processing) 020329	22.5	0		461,568	139,567
0703	Garlic, fresh or chilled 0703 20	50	10	5,400	37,050	0
0904	Dried Pepper, not ground or crushed 0904 21	50	10	6,185	15,415	0

Source: Ministry of Strategy and Finance (MOSF), Korea Trade Information Service (KOTIS)

Note:

1/ Quota and Tariffs will be applied for January 1 – March 31, 2012 Period

2/ Import data for January 1 – December 31, 2011 period

Table III. Voluntary Tariff Rate Quota (TRQ) Quantities and In-quota rates for January 1 – June 30, 2012 Period

HS No.	Commodity	Base Tariff Rate	Quota Tariff Rate (%)		Trade (Metric ton)	
			2012 1/	2012 Quota (MT) 1/	2011 Total Imports 2/	2011 Imports from U.S. 2/
0103	Live Swine Weighing less than 50 kg 0103 91	18	0	5,000 Heads	4,676 Heads	223 Heads
0103	Live Swine Weighing 50 kg or more 0103 92	18	0		3,608 Heads	1,551 Heads
0303	Mackerel 0303 54	10	0	10,000	60,606	1
0401	Milk and Cream, not concentrated nor containing added sugar or other sweetening matter 0401 40 0401 50	36	0	4,450	19,432	2,896
0402	Milk and cream, concentrated or containing added sugar or other sweetening matter 0402 10	20	0	5,600	33,503	928
0402	Milk and cream in powder, not containing added sugar or other	40	0	650	5,284	1

	sweetening matter 0402 21 0402 29					
0405	Butter 0405 10	40	0	2400	4,801	883
0405	Dairy spreads 0405 20	8	0	11,500	3,756	55
2106	Food preparations with a basis of butter 2106 90	8	0		32,677	6,661
0406	Fresh cheese, mozzarella, cream cheese 0406 10	36	0	7,000	44,277	19,168
0406	Other fresh cheese, cheddar and gouda cheese 0406 90	36	0		16,940	3,597
0408	Dried egg yolk 0408 91	27	0	100	250	2
0504	Guts and stomachs of animals (excludes fish), treated for sausage casing 0504 00	27	13	200	25,104	8,592
0714	Manioc chips for alcohol 0714 10	20	0	144,000	74,761	0
0806	Grape, dried 0806 20	21	8	Unlimited	3,929	3,667
1001	Wheat and meslin, other for milling 1001 99	3 / 1.8	0	1,560,000	2,439,200	1,252,754
1003	Malting barley, other 1003 90	30	0	35,000	30266	0
1005	Maize for processing 1005 90	3	0	1,410,000	2,082,973	1,174,118
1105	Potato flakes, granules and pellets 1105 20	8	0	1,500	804	320
1107	Malt for beer brewing 1107 10 1107 20	30 / 27	0	138,000	197,010	0
1108	Manioc starch for paper manufacturing 1108 14	8	4	12,600	20,561	0
1108	Other, starches of sweet potatoes 1108 19	8	7	22,200	25,552	0
1507	Soybean oil, crude oil for food 1507 10	5	2.5	Unlimited	275,158	25,370
1509	Olive oil, Virgin 1509 10	5	0	Unlimited	10,594	1
1509	Olive oil, Other 1509 90	5	0	Unlimited	2,812	8
1512	Sunflower-seed oil, crude oil 1512 11 Refined oil 1512 19	5	0	Unlimited	19,236	16
1514	Rape oil (crude oil) 1514 11	5	0	Unlimited	104,279	0

	1514 91					
1515	Other fixed vegetable fats (crude oil) 1515 90 (grape seed oil)	5	0	Unlimited	32,539	117
1701	Beet sugar, cane sugar and other cane sugar 1701 12 1701 13 1701 14	3	0	Unlimited	1,627,093	5
1701	Other sugar, containing added flavoring or coloring matter for food processing 1701 91 1701 99	30	0	100,000	19,977	1,435
1702	Lactose 1702 11 1702 19	20	0	7,500	19,559	11,129
1806	Chocolate and chocolate confectionery 1806 20	8	0	Unlimited	9,297	1,132
1806	Cocoa preparation 1806 20	8	0	2,500	8,988	381
2008	Ground nuts, excluding peanut butter 2008 11	50	24	5,000	28,333	912
2207	Undenatured ethyl alcohol 2207 10	10	0	108,000 KI	123,377 KI	0
3505	Dextrins and other modified starches 3505 10	8	4	24,000	60,005	1,145
4408	Sheets for veneering for plywood of thickness exceeding 0.4 mm 4408 10 4408 31 4408 39 4408 90	3	2	Unlimited	118,975	282

Source: The Ministry of Strategy and Finance (MSOF), Korea Trade Information Service (KOTIS)

Note:

1/ January 1 – June 30, 2012 period

2/ January 1 – December 31, 2011 period

Table IV. Voluntary Tariff Rate Quota (TRQ) Quantities and In-quota rates for January 1 – December 31, 2012 Period

HS No.	Commodity	Base Tariff Rate	Quota Tariff Rate (%)		Trade (Metric ton)	
			2012 1/	2012 Quota (MT) 1/	2011 Total Imports 2/	2011 Imports from U.S. 2/
0404	Whey for feed 0404 10	20	0	35,000	7,624	4,731
0714	Manioc chips for feed 0714 10	20	0	200,000	74,761	0
0714	Manioc pellets for feed 0714 10	7	0	900,000	254,536	0

1002	Rye for seed 1002 10	3	1	6,000	8,667	5,278
1003	Unhulled barley for feed 1003 90	5	4	50,000	23,090	0
1004	Oats for feed 1004 90	3	0	130,000	3,401	151
1005	Maize for feed 1005 90	3	0	9,020,000 3/	5,667,111	4,843,236
1201	Soybean for oil crushing & oil cake for feed 1201 90	3	0	1,150,000	820,746	347,094
1205	Rape seeds for oil crushing & oil cake 1205 10 1205 90	10	5	150,000	54	0
1207	Cotton seeds for feed 1207 29	2	0	160,000	127,296	51,993
1213	Cereal straw and husks for mushroom farming 1213 00	8	4	20,000	6,954	574
1214	Lucerne(alfalfa) meal and pellets for feeding 1214 10	1	0	Unlimited	20,104	2,768
1214	Other lucerne(alfalfa) meal and pellets for feeding 1214 90	1	0	Unlimited	165,453	159,403
1214	1214 90	20	0	510,000 4/	852,478	617,160
2308	Fodder roots and other vegetables for feed 2308 00	5				
1518	Animal or vegetable fat for feed (excludes dehydrated castor oil and epoxidised soya oil) 1518 00	5	2	50,000	51,687	2,898
1702	Glucose and glucose syrup 1702 30	8	6	2,200	49,427	15
1703	Molasses for feed 1703 10 1703 90	3	0	450,000	714,152	2
2302	Wheat bran for feed 2302 30	2	0	350,000	242,313	0
2303	Beet-pulp for feed 2303 20	5	2	170,000	145,260	6,452
2303	Brewing or distilling dregs & waste for feed 2303 30	3	0	920,000	510,193	453,025
2304	Soybean Oil-cake for feed 2304 00	1.8	0	2,700,000	1,523,435	173,611
2306	Oil cake of cotton seeds 2306 10	2	0	165,000	21,673	2,621
2306	Coconut or copra oil cake 2306 50	2	0	200,000	366,557	0
2306	Oil cake of palm nuts or kernels 2306 60	2	0	200,000	694,006	0

2308	Cotton seed hulls for feed 2308 00	5	2	110,000	75,849	12,116
5205	Cotton yarn 5205 12 5205 32 5205 33	2 / 8	0	Unlimited	35,457	0

Source: The Ministry of Strategy and Finance (MSOF), Korea Trade Information Service (KOTIS)

Note:

1/ January 1 – December 31, 2012 period

2/ January 1 – December 31, 2011 period

3/ Consists of 9,000,000 MT for feed and 20,000 MT for mushroom growing

4/ Consists of 450,000 MT for feed and 60,000 MT for mushroom growing