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Korea - Republic of

Grain and Feed Update

Grain and Feed Update

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Report Highlights:

MY 2011/12 wheat import estimate is unchanged at 4.2 million tons with 2.2 million tons for milling and 2.0 million tons for feed. Imports of U.S. wheat are expected to be 1.3 million tons due to lower than expected exports of U.S. feed grade wheat. Corn imports are revised upward from May estimate to 8.0 MMT (5.5 MMT from the United States) due to higher feed demand in the poultry and beef cattle sectors. With continued reduction in planted area, rice production will be the lowest in three decades. 2011 imports under the Minimum Access Agreement reached 327,311 MT (93,719 MT from U.S.).

Post:
Seoul

Commodities:
Wheat

Corn

Rice, Milled

Author Defined:
WHEAT

Production:
MY 2011/12 wheat production is estimated at 44,000 tons because of increased harvested area. The government's loan program to finance purchases also has helped increase the demand for domestic milling wheat. Additionally, the government also has provided drying and storing facilities to local wheat producers. Recently announced official wheat production for MY 2010/11 reached 39,116 tons, up approximately 13,000 tons due to a sharp increase of wheat acreage.

Korean wheat farmers are expected to continue increasing planted area in the near future in response to greater demand from the local bakery and confectionary sectors. The greater demand for local food products made of locally grown wheat will provide support to the government's ambitious target of reaching 200,000 tons of milling wheat by 2015. The government plan to end its purchasing program for locally grown barley by 2012 will also contribute to the increasing wheat harvested area. It is expected that most of the barley area will be converted to primarily producing wheat. However, production cost will be a critical factor in continuing expanding wheat acreage because local wheat prices have more than double the prices for imported wheat.

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	3.12	39,116
2011b/	13,044	3.40	44,000

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)
a/ preliminary
b/ FAS/Seoul forecast; yield is based on government project and five year average.

Consumption:
In MY 2011/12, total wheat consumption is expected to reach 4.4 million tons, an increase of 200,000 tons from the initial forecast. Milling wheat consumption is expected to be 2.4 million tons, while feed wheat consumption will remain unchanged at 2.0 million tons in view of the greater worldwide availability and based on buying contracts of feed grade wheat to be delivered for the first six months.

In MY 2010/11, total wheat consumption reached 4.3 million tons, up 300,000 tons from Post's previous forecast due to a greater demand for both milling wheat and feed grade 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	2,312
Flour Imports b/	105	69	127	63
Flour Exports b/	73	56	59	96
Local Wheat	8	10	26	39
FSI Consumption c/	2,307	2,064	2,230	2,318
Feed Wheat	686	942	2,172	1,965
Total Consumption	2,993	3,006	4,402	4,283

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

a/ FAS/Seoul estimate

b/ Wheat basis

c/ include wheat flour imports

Wheat Trade:

MY 2011/12 wheat imports are unchanged from Post's initial forecast at 4.2 million tons, of which 2.2 million tons is for milling (including flour on a wheat equivalent basis) and 2.0 million tons for feed. According to trade and sales contract data of Canadian origin and optional origin, nearly 1.2 million tons have already been contracted with delivery for the first six months in MY2011/12. International traders expect Korea to import between 2.0 million and 2.5 million tons of feed wheat depending on exports from Korea's traditional feed wheat exporters. Imports of U.S. wheat in MY 2011/12 are expected to be 1.3 million tons due to lower than expected exports of U.S. feed grade wheat.

MY 2010/11 wheat imports reached 4.6 million tons, composed of 2.5 million tons of milling wheat and 2.1 million tons of feed grade wheat because of bullish international prices and a strong local currency. Wheat flour millers secured more stocks because of bullish wheat market trends. Korea's imports from the United States accounted for 54 percent of total milling wheat, followed by Australia at 39 percent and Canada at 6 percent. Meanwhile, imports from Canada accounted for 48 percent of total feed wheat imports, followed by Australia at 15 percent, Ukraine at 10 percent and Romania at 7 percent.

Korea: Wheat Imports (1,000 MT, Customs Cleared Basis)				
Marketing Year (July/June)	Feed Wheat	Milling Wheat	Flour Imports 1/	Total
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/	2,075	2,520	63	4,658

Source: Korea Customs Service

1/ Wheat basis

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

b/ based on the first eight months imports

Korea: MY 20011/12 Monthly Wheat Imports by Origin (1,000 MT, based on Customs Clearance)						
Country	U. S.	Australia	Canada	China	Other	Total
Milling Wheat						
2011 July	22	104	32	0	0	157
August	105	64	31	0	0	200
September	46	74	2	0	0	122
Total(Jul-Sep) 2011	173	242	65	0	0	480
Total(Jul-Sep) 2010	279	240	37	0	2	558

Feed Wheat						
2011 July	0	53	150	0	0	203
August	0	57	160	0	1	218
September	0	81	82	0	0	163
Total(Jul-Sep) 2011	0	190	392	0	1	584
Total(Jul-Sep) 2010	229	0	143	0	29	401
Total Wheat						
2011 July	22	157	182	0	0	361
August	105	121	191	0	1	419
September	46	155	84	0	0	285
Total(Jul-Sep) 2011	173	433	458	0	1	1,065
Total(Jul-Sep) 2010	508	240	181	0	31	960

Source: Korea Customs Service

Korea: MY 2011/12 Feed Wheat Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of Sept, 2011)		
ETA	Quantity	Price (US$/MT)[1/]
Jul. 2011	165	307
Aug.	165	304
Sep.	220	293
Oct.	165	286
Nov	275	270
Dec	165	274
Total	1,155	

Source: Local Grain Traders

1/ CNF on Weighted Average

Flour Trade:

MY 2011/12 flour imports are forecast at 73,000 tons (100,000 tons wheat equivalent), as food processors continue searching for the most competitively priced flour. MY2010/11 flour imports declined to 46,150 tons (63,133 tons wheat equivalent) because the government's intervention stabilized domestic price of wheat flour despite bullish trend in the international wheat market.

MY 2010/11 flour exports sharply increased to 72,084 tons (96,112 tons wheat equivalent), up 63 percent from last year. As domestic flour prices stabilized, 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 2011/12.

Korea: Wheat Flour Imports (Metric Ton, July/June)						
Country	MY2005	MY2006	MY2007	MY2008	MY2009	MY2010
U.S.A.	315	594	771	425	873	531
Canada	16,416	28,595	35,662	11,206	34,213	13,540
Australia	1,250	2,510	1,721	1,979	1,252	528
China	8,510	12,037	27,045	815	1,328	583
Turkey	2,488	4,671	1,981	6,685	24,568	11,130
Indonesia	360	942	4,709	4,462	7,647	9,956
Hungary	0	0	0	5,601	8,893	110
Others	424	1,211	5,103	18,951	14,112	9,772
Total	**29,763**	**50,560**	**76,994**	**50,124**	92,886	46,150
Wheat Basis	39,684	67,413	105,328	68,570	127,068	63,133

Source: Korea Customs Service (KCS)

Korea: Wheat Flour Exports (Metric Ton, July/June)						
Country	MY2005	MY2006	MY2007	MY2008	MY2009	MY2010
Total	70,027	61,922	54,740	41,789	44,234	72,084
Wheat Basis	93,369	82,563	72,987	55,719	58,979	96,112

Source: Korea Customs Service (KCS)

Wheat PSD

Production, Supply and Demand Data Statistics:

Wheat Korea, Republic of	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: May 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	5	5	13	13	15	13	(1000 HA)
Beginning Stocks	1,137	1,137	1,078	1,064	1,451	1,380	(1000 MT)
Production	26	26	37	37	50	44	(1000 MT)
MY Imports	4,470	4,362	4,761	4,658	4,700	4,200	(1000 MT)
TY Imports	4,470	4,362	4,761	4,658	4,700	4,200	(1000 MT)
TY Imp. from U.S.	1,231	1,116	1,518	1,672	0	1,300	(1000 MT)
Total Supply	5,633	5,525	5,876	5,759	6,201	5,624	(1000 MT)
MY Exports	105	59	125	96	100	50	(1000 MT)
TY Exports	105	59	125	96	100	50	(1000 MT)
Feed and Residual	2,200	2,172	2,100	1,965	2,300	2,000	(1000 MT)
FSI Consumption	2,250	2,230	2,200	2,318	2,200	2,400	(1000 MT)
Total Consumption	4,450	4,402	4,300	4,283	4,500	4,400	(1000 MT)
Ending Stocks	1,078	1,064	1,451	1,380	1,601	1,174	(1000 MT)
Total Distribution	5,633	5,525	5,876	5,759	6,201	5,624	(1000 MT)
Yield	5.	5.2	3.	2.8462	3.	3.3846	(MT/HA)

Wheat Import Trade Matrix

Import Trade Matrix

Country	Korea, Republic of		
Commodity	Wheat		
Time Period	July/June	Units:	1,000MT

Imports for:	2009		2010
U.S.	1116	U.S.	1673
Others		Others	
Australia	853	Australia	1041
Ukraine	1469	Canada	1154
Canada	569	Ukraine	214
		EU	161
		Romania	155
Total for Others	2891		2725
Others not Listed	228		197
Grand Total	4235		4595

Note: exclude the import of wheat flour

Korea: Monthly Wheat Use
(1,000 MT)

Month	Feed Wheat		Milling Wheat a/	
	MY 2010/11	MY 2011/12	MY 2010/11	MY 2011/12
July	199	189	183	169
August	141	202	186	186
September	120	203	183	Na
October	146	Na	195	Na
November	165	Na	190	Na
December	180	Na	198	Na
January	173	Na	222	Na
February	134	Na	160	Na
March	164	Na	212	Na
April	162	Na	197	Na
May	186	Na	160	Na
June	194	Na	161	Na
Total	1,965	Na	2,246	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, accounting for less than one percent of total consumption. Planted area for MY 2011/12 is around 15,828 hectares, while production is estimated at 78,000 MT based on the preceding five-year average yield. The Korean Statistical Information Service (KOSIS) released recently its data on harvested area. The government will subsequently release the 2011 official production figures in April 2012.

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
2010	15,528	4.79	74,339
2011[a/]	15,828	4.93	78,000

Source: Ministry for Food, Agriculture, Forestry & Fisheries (MIFAFF), National Statistical Office (NSO)
a/ FAS/Seoul forecast based on five-year average yield

Consumption:
MY 2011/12 corn consumption is forecast to be 8.1 million MT, up 0.3 million MT from Post's May forecast due to an anticipated greater demand for feed corn from the beef cattle and poultry sectors., which has helped to offset the impact of the FMD-related depopulation in the hog sector. The estimated Dec 2011 layer and broiler inventory will be up 1.3 percent from a year earlier, and the dairy and beef cattle inventory up 1.6 percent.
Food, seed, and industrial (FSI) corn consumption is forecast to remain around 2.1 million MT unchanged from Post's initial forecast due to stable demand for processed corn products.

Compound feed production is estimated at around 17 million metric tons in MY 2011/12, achieving similar levels to MY 2010/11. Feed corn is the main ingredient used in compound feed accounting for 35 to 40 percent of total ingredients. This percentage is projected to remain relatively constant in the long-run because of local livestock producers' preferences for compound feed. On the same note, compound feed is composed of 35 percent of feed wheat. Rising feed wheat use has caused total corn utilization in compound feed to stay around 6 million metric tons in recent years.

Major corn processors continue using non-biotech IP corn imported from Serbia, Hungary, Brazil and South Africa for food. On the other hand, GM corn imported from the United States is primarily used for industrial purpose. Many food processing companies have been reluctant to use ingredients sourced from biotech corn. Some companies using starch and corn syrup since these items are reportedly derived from non-biotech corn.

MY 2010/11corn consumption is now estimated at 8.2 million MT, down about 2 percent from the previous year due mainly to the sharp decrease in swine numbers caused by FMD. Feed demand for the swine sector was down nearly 13 percent. The FSI corn consumption increased to 2.1 million MT, up 7 percent from the previous year due to a greater demand for high fructose corn syrup (HFCS) replacing sugar demand in the soft drink industry during the current marketing year.

Korea: Total Corn Utilization (Oct./Sept., 1,000 MT)				
Marketing Year	Feed	Processing a/	Food b/	Total
2007/08	7,046	1,494	98	8,638
2008/09	6,368	1,418	108	7,894
2009/10	6,362	1,928	92	8,382
2010/11 c/	6,074	2,060	89	8,223
2011/12 c/	6,000	2,000	100	8,100

Source: Korea 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 2008/09	MY 2009/10[/]	MY 2010/11[a/]	MY 2011/12[a/]

Sub. Total Grains and Grain Substitutes	**10,274**	**10,954**	**10,674**	**10,500**
- Wheat	1,416	2,149	2,100	2,000
- Corn	6,368	6,362	6,074	6,000
- Other Grains and Grain Substitute b/	2,490	2,443	2,500	2,500
Others c/	**6,060**	**6,301**	**6,326**	**6,500**
Grand Total	**16,334**	**17,255**	**17,000**	**17,000**

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	MY 2010/11[a/]	MY 2011/12 [b/]
Poultry	4,413	4,564	4,744	4,900
Swine	5,307	5,465	4,738	4,500
Cattle	5,550	5,915	6,117	6,200
Others b/	1,009	1,233	1,367	1,400
Total	16,279	17,177	16,966	17,000

Source: MIFAFF

a/ Preliminary

b/ FAS/ Seoul forecast

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

Trade:

MY 2011/12 corn import forecast is revised to 8.0 million MT, up 300,000 tons from Post's May forecast due to increasing feed corn imports reaching 6.0 million MT. The increase in feed corn imports is due mainly to a greater demand from the beef cattle and poultry sectors. Additionally, the greater demand from the beef cattle and poultry sectors has also stemmed the negative impact of the November 2010 FMD outbreak on feed corn imports.

MY 2011/12 U.S. corn imports are expected to stay around 5.5 million tons, remaining unchanged from the previous forecast. A reduction in U.S. corn production will lead to increased imports from the Black Sea region.

As of September 2011, importers have contracted 2.0 million ton of corn for October 2011 to April 2012 deliveries. Most of the contracted purchases for feed corn to date are optional origin at seller's option among the United States, South America or South Africa with a price range of $312-363 per metric ton CNF while corn processors have contracted for No. 2 GM/non-GM yellow corn from the United States or South America at seller's option and conventional corn from Eastern Europe, EU or South Africa at seller's option with a price range of $330-365 per metric ton CNF.

Corn imports for MY 2010/11 increased to 8.1 million MT, up 0.1 million tons from Post's previous estimate due to Korean buyers' securing more stocks in a bullish corn market and higher than expected feed demand. Feed corn import increased to 6.1 million tons, up 0.1 million tons from the previous forecast while processing corn import remains at 2.0 million tons unchanged from the previous forecast.

The new Grain Trading Company, a consortium formed between the state-run Korea Agro-Fisheries Trade Corporation (aT), Samsung C&T Corporation, STX Corporation and Hanjin Shipping has made contracts for corn and soybeans with the aT and Nonghyup Feed (NOFI) respectively. 20,000 metric tons of U.S. soybeans and 50,000 metric tons of U.S. corn are reportedly expected to be delivered during the second half of this year. The consortium has a tentative plan to deliver about 300,000 metric tons of corn and soybeans next year. The initial objective of the aT strategy is to directly secure at least 20 percent or 2.5 million MT of the nation's total annual imports of grains and oilseeds, including 1.5 million MT of corn by 2015.

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	%
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	6,457	2,003	8,460	6,097	1,407	7,504	89
10/11 a/	6,060	2,047	8,107	5,183	1,133	6,316	78

Source: Korea Customs Service

a/ FAS/Seoul estimate based on corn imports for the first eleven months

Korea: Corn Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of September 2011)					
ETA	U.S.	EU	India	Others 1/	Total
Oct. 2011	110	0	0	500	610
Nov.	55	0	0	540	595
Dec.	165	0	0	215	380
Jan. 2012	66	0	30	235	331
Feb.	0	0	0	55	55
Mar.	0	0	0	55	55
April	0	0	0	55	55
Total	**396**	**0**	**30**	**1,655**	**2,081**

Source: Local Grain Traders

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

Corn PSD

Corn Korea, Republic of	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	15	15	16	16	16	16	(1000 HA)
Beginning Stocks	1,466	1,466	1,610	1,609	1,583	1,566	(1000 MT)
Production	77	77	73	74	78	78	(1000 MT)
MY Imports	8,461	8,460	8,200	8,107	7,700	8,000	(1000 MT)
TY Imports	8,461	8,460	8,200	8,107	7,700	8,000	(1000 MT)
TY Imp. from U.S.	6,795	7,504	0	6,316	0	5,500	(1000 MT)
Total Supply	10,004	10,003	9,883	9,790	9,361	9,644	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	(1000 MT)
Feed and Residual	6,362	6,362	6,200	6,074	5,700	6,000	(1000 MT)

FSI Consumption	2,032	2,032	2,100	2,150	2,100	2,100	(1000 MT)
Total Consumption	8,394	8,394	8,300	8,224	7,800	8,100	(1000 MT)
Ending Stocks	1,610	1,609	1,583	1,566	1,561	1,544	(1000 MT)
Total Distribution	10,004	10,003	9,883	9,790	9,361	9,644	(1000 MT)
Yield	5.	5.1333	5.	4.625	5.	4.875	(MT/HA)

Corn Import Trade Matrix

Import Trade Matrix

Country	Korea, Republic of		
Commodity	Corn		
Time Period	Oct/Sept	Units:	1,000MT
Imports for:	2009		**2010**
U.S.	7504	U.S.	6316
Others		Others	
Hungary	289	South Africa	893
Argentina	243	Serbia	445
Brazil	201	Hungary	205
Serbia	103	Brazil	180
Total for Others	836		1723
Others not Listed	120		68
Grand Total	8460		8107

Korea: Animal Inventory
(1,000 Head, 1,000 Birds)

Animal	Year	March	June	September	December
Beef Cattle	2007	2,043	2,179	2,220	2,201
	2008	2,241	2,448	2,470	2,430
	2009	2,481	2,599	2,645	2,635
	2010	2,706	2,889	2,949	2,915
	2011	2,881	3,053	3,057[d/]	2,994[d/]
Dairy Cattle	2007	461	456	455	453
	2008	451	445	445	446

	2009	448	439	438	445
	2010	449	432	429	430
	2011	396	403	403[d/]	405[d/]
Swine [a/]	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	9,881
	2011	7,036	7,330	7,550 [d/]	7,700 [d/]
Layer [b/]	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	61,140	61,998	62,967
	2010	62,524	61,586	60,095	61,700
	2011	61,030	60,720	62,270[d/]	61,570[d/]
Broiler [c/]	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	74,050
	2011	69,930	110,120[/]	72,960[d/]	76,000[d/]

Source: Korea Rural Economic Institute, MIFAFF

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

b/ Excluding breeders.

c/ Excluding multi-use broilers.

d/ KREI forecast

RICE

PRODUCTION

The Korean Statistical Information Service (KOSIS) recently released its 2011 rice production estimates at 4.22 million metric tons (MMT) based on a nationwide survey of 6,684 rice standard fields conducted from September 15 to 21, 2011. The estimate places Korean rice production for 2011 at the lowest since 1980 and down 1.8 percent from last year.

The survey results show total harvested acreage at 853,823 HA, which is a 4.3 percent decline from the previous year. However, anticipated higher yields due to favorable weather conditions since late August partially offset rice reduction caused by acreage decline. Due to the current favorable weather conditions and these survey results, Post estimate regarding the 2011 rice production remains unchanged at 4.3 million metric tons (MMT), which is the same as the initial forecast. KOSIS will release its final production estimate shortly after the rice harvest is completed in mid-November.

Rice Reduction Plan

In the face of falling consumption of rice and consecutive bumper crops in 2008 and 2009, the government is encouraging rice farmers, to cultivate alternative crops under a 3 years rice reduction program running from 2011 through 2013. The Korean government has revised relevant regulations supporting the area direct payment of 700,000 won ($608) on average per hectare to eligible farmers who cultivate alternative crops in their paddy fields. The government also provides support of 3 million won ($2,600) per hectare for farmers cultivating alternative crops in their rice paddy fields in addition to the area direct payment. However, the deficiency direct payment is not payable to farmers participating in this program. In CY 2011, total rice paddy land converted to alternative crops reached 40,000 hectares.

Yield

Korea experienced severe cold weather spells during the early planting season followed by heavy rains during the growing season in the middle of August. However, favorable weather conditions since late August up to the initial crop survey have resulted in higher yields, up by 2.4 percent from last year. Direct government payments which encourage rice farmers to cultivate high yield varieties also helped maintain yield levels in spite of unfavorable weather conditions prior to the rice-filling stage.

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	892	482	4,295
2011 [c/]	854	494	4,216

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 rice production survey conducted by KOSIS during September 15-21, 2011.

The government subsidizes domestic rice production through two types of direct payments - an area payment, which is based on eligible paddy land that was registered from 1998 to 2000, and a price support payment. Total support payments were nearly 1.37 trillion Korean Won (US$1.19billion) last year. Additional information on these support payments is available in the May 2011 Grain and Feed Annual Report (KS1121)

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	629.1	3,977	150.4	598.2	1,227.3
2010	885	703,163	622.3	3,850	194.9	750.4	1,372.7
2011	883	700,000	618.1	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.

Government Rice Purchase Program under the Public Rice Stockholding Program (PRSP)

The government also purchases rice for price stabilization purposes. Under the Public Rice Stockholding Program (PRSP) for food security (also known as the Public Storage System for Emergencies (PSSE)), the Korean government will purchase domestic paddy rice during the harvest season (October-December) at the average market price and sellit during the non-harvest periods at the prevailing domestic market price. . Between October and December 2011, the Korean government plans to purchase 340,000 MT (milled basis) of paddy rice representing 8 percent of the 2011 rice crop estimate.

Korea: Government Rice Purchases under PRSP			
Crop Year	Production(1,000 MT)	Purchase(1,000 MT)	%
2005	4,768	719	15.1
2006	4,680	504	10.8

2007	4,408	417	9.5
2008	4,843	400	8.3
2009	4,916	370	7.5
2010	4,295	340	7.9
2011	4,216	340[a/]	8.1

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

Government and NACF's Loan Programs
The Korean government plans to provide loans for rice milling worth 1.2 trillion Korean Won (US$1.09 billion) with a special loan rate between 0 and 2 percent per annum this year. The National Agricultural Cooperative Federation (NACF), the national farmers group, also continues providing loans to rice farmers/millers worth 1.4 trillion Korean Won (US$1.27 billion). The main goal of loan program is to encourage rice millers to purchase more rice from farmers minimizing harvest pressures in the rice market.

Rice farmers are expected to sell approximately 2 million metric tons during the harvest season including 340,000 MT of government direct purchasing under the PRSP program and 1.6 million metric tons of rice under the loan programs.

Most of the rice purchases under the loan programs provided by the Korean government and the NACF will be released into the rice retail market through NACF's Rice Processing Complexes (RPCs) and independent RPCs throughout the 2011/12 rice marketing year. Korean rice farmers are expecting the purchasing measures to help prop up prices during the rice harvest season.

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	4,295	1,380	32
2011	4,216	1,400[b/]	33

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)
a/ exclude independent RPC purchases
b/ plan

CONSUMPTION
MY 2011/12 consumption is forecast to decrease to 4.5 million tons, down 13 percent from the 2010/2011 marketing year. 85 percent of the 2010 production is estimated to be consumed as table rice. Per capita table rice consumption is declining 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. The Korean government forecasts a fall in per capita table rice consumption to a record low of 70.4 Kg in MY 2011/12.

In MY 2011/12, Korea's food processing industry is forecast to use about 550,000 tons of rice (milled). Nearly 73 percent of processing rice is projected to be used for food processing and 27 percent being used for liquor processing. The future use of rice by the food processing is expected to grow gradually in the long-run as the government continues its efforts to globalize Korean cuisine, which includes rice cakes and other rice based snacks.

The country's rice surplus has also pressed the government to support the rice processing industry through government research and development (R &D) programs to develop rice based recipes. Additional support is being provided to rice processors to help set up processing facilities. The government has set an annual budget for R&D at one billion Korean won and floated 60 billion Korean won for a facility funding program in CY 2011. Furthermore, the government also continues its "R-10 Korea" campaign, which encourages consumers to switch from wheat to rice-based products.

In MY 2010/11, rice consumption increased to 5.2 million tons, up 10 percent from the previous because the Korean government auctioned off about 646,000 metric tons of government-held stocks to the domestic rice market from March through early September 2011. The purpose of the government selling off surplus was to stabilize a bullish domestic rice market. However, the sell off of stocks led experts to question the government's 2010 rice production figures indicating that actual 2010 rice production should be far lower than 4.3 million tons. The difference is reflected in the Loss Account in the Rice Utilization Pattern table shown below.

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. The Korean government regularly sells domestic rice that is too old for human consumption and food processing purposes to KALIA. The government selling price for old domestic rice for liquor processing is Korean won 229/kg (US$0.21) which is equivalent to the average arrival price of imported Tapioca chips, a major raw material for liquor processing.

In CY 2011, MIFAFF sold imported rice to KFRA members at 705 Korean Won/kg (US$ 0.64) for short grain rice, 685 (US$0.62) for medium grain rice, and 613.50 (US$0.56) for long grain rice (on a milled basis) respectively. The above referenced prices are about 65to 80 percent of the purchase prices of imported rice. The price of imported rice is set each year and is benchmarked against the price of wheat flour (970 w/kg=US$0.88), which is considered a close substitute. In contrast, the prices of domestic processing rice is determined by the crop year; 355 Korean Won/Kg (US$0.32) for 2006 crop, 920 (US$0.84) for 2007 crop, 1,473 (US$1.34) for 2008 crop, 1,657 (US$1.51) for 2009 crop and 1,841 (US$1.67) for 2010 crop, respectively. The differential pricing has made imported processing rice an attractive option to food processors, especially over the last couple years in light of record high wheat flour prices.

(Applicable foreign exchange rate at Korean won 1,100/US$ on average for CY 2011)

Korea: Rice Utilization Pattern (1,000 MT, milled)				
Rice Year (Nov.- Oct.)	MY 2008/09	MY 2009/10 [a/]	MY 2010/11 [b/]	MY 2011/12 [c/]
Table Rice	3,683	3,670	3,642	3,563
Processing	366	554	671	550
(for food)	(278)	(347)	(318)	(400)
(for liquor)	(88)	(207)	(353)	(150)
Seed	40	39	37	36
Other and Loss	702	438	815	358
Total Demand	**4,791**	**4,701**	**5,165**	**4,507**
Per Capita Table Rice Consumption (Kg)	74.0	72.8	71.8	70.4

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)
a/ Revised b/ Preliminary c/ Forecast

Korea: Processing Rice Consumption Pattern (1,000 MT, milled)				
Purpose	MY 2008/09	MY 2009/10	MY 2010/11[a/]	MY 2011/12[b/]
KRFA	132	180	220	300
KALIA	88	207	353	150
Others [c/]	189	167	98	100
Total	366	554	671	550

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)
a/ MIFAFF preliminary
b/ FAS/Seoul forecast
c/ traditional foods or beverage made of local rice.
Note: Korea Rice Foodstuffs Association (KRFA), Korea Alcohol & Liquor Industry Association (KALIA)

Korea: Rice Supply for Processing Purposes to KRFA Members (Metric Ton, Milled)			
Calendar Year	Local Rice	Imported Rice	Total
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	24,887	154,821	179,708
2011[a/]	110,000	110,000	220,000
2012[a/]	na	na	300,000

Source: Korea Rice Foodstuffs Association (KRFA)
a/ KRFA's forecast

Korea: 2010 Rice Supply for Processing Purposes to KRFA Members (Metric Ton, Milled)		
Item	Quantity	Ratio (%)
Cake/Noodle	78,586	44
Confectionary	7,911	4
Flour	31,117	17
Alcohol	44,906	25
Sticky Sweet	9,704	5
Traditional Food	1,554	1
Others	5,930	3
Total	179,708	100

Source: Korea Rice Foodstuffs Association (KRFA)

STOCKS

MY 2011/12 ending stocks are forecast to stay around 1.1 million tons, up 15 percent from the estimated level of the current marketing year, due mainly to a higher "other than loss" category returning to a normal level at 358,000 metric tons. MY 2010/11 ending stocks are estimated at 964,000 metric tons, down 36 percent from the previous year because the government had released approximately 646,000 metric tons of government-held stocks to the domestic rice market. The market was bullish from March to early September 2011.

Ending stocks of imported rice are expected to stay above the previous levels in the coming marketing year because additional amount of old domestic rice is expected to be used for liquor processing.

Korea: Status of Rice Stocks (Milled rice, 1,000 MT, as of end October)						
Rice Year (Nov.-Oct.)	2006/07	2007/08	2008/09	2009/10[a/]	2010/11[b/]	2011/12[c/]
Total	702	694	996	1,508	964	1,104
Government Stock	596	608	805	818	840	1,000
-Domestic Rice	456	510	698	636	680[e/]	800
-Imported Rice	140	98	107	182	160	200

NACF [d/]	0	0	151	616	0	0
Civil Stock	106	86	40	74	124	104

Source: FAS/Seoul Estimate based on MIFAFF data.
a/ MIFAFF Preliminary
b/ FAS/Seoul Preliminary
c/ FAS/Seoul forecast
d/ NACF purchase under the government loan program.
e/ composed of 30,000 metric tons of 2010 crop,370,000 metric tons of 2009 crop and 280,000 metric tons of 2008 crop

TRADE

Korea imports rice as part of its Minimum Market Access (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.

While the intent of the MMA agreement was that these import commitments would be completed within the corresponding calendar year, the MMA tendering process has historically started in the second half of the year with deliveries scheduled through the third quarter of the coming year. The 2011 MMA tendering process is currently underway with deliveries scheduled up until October 2012 for some portion of Chinese table rice because of sluggish auctions. However, U.S. table rice is scheduled to be delivered from December 2011 through June 2012 in light of improving market demand.

MY 2011/12 rice imports are forecast at 350,000 metric tons, which roughly equals Korea's import commitment for calendar year 2011. The import estimate for U.S. rice for MY 2011/12 is 100,000 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 fifth straight year due to limited exportable supplies and is likely to notify Korea of its inability to export rice under the 2011 MMA.

2011 MMA Tendering Process

As of October 25, aT the state trading arm of the Korean government has purchased 256,736 metric tons (milled), about 74 percent of the entire the 2011 MMA import commitments with the remainder still being processed.

The United States was awarded 96,901 metric tons (milled) comprised of 76,031 metric tons (68,428 metric tons on milled basis) of brown medium grain rice at US$763-822 per metric ton CIP in container or bulk, 27,473 metric tons of milled medium grain rice for table purpose at US$ 751-866 per metric ton CIF in container and 1,000 metric tons of sweet rice for processing purpose at US$965.73 per metric ton CIF. This amount is 194 percent of the United States' baseline of 50,076 metric tons for its CSQ. Post expects the United States to sell up to 100,000 metric tons of medium grain (milled) to Korea under the 2011 MMA considering that the Australian CSQ is expected to be converted to the global quota.

See tender results in Appendix for additional details.

Korea: Value of U.S. Rice Sales to Korea, 2011 MMA (as of October 26, 2011)				
Contracts	Milled rice(MT)	Brown rice(MT)	Arrival unit price	Amount
			($/MT)	($)
1		11,111 [a/]	807.00	8,966,577

2		21,810 [a/]	782.00	17,055,420
3	1,000 [a/b/]		965.73	965,730
4		20,114	822.00	16,533,708
5		17,996 [a/]	749.30	13,484,403
6	14,726		866.00	12,752,716
7		5,000	763.00	3,815,000
8	10,000		799.99	7,999,900
9	2,747		751.16	2,063,437
10				
total	**28,473**	**76,031**		**83,636,890**

Source: Korea Agro-Fishery Corporation (aT), totaling 96,901MT on milled basis.
a/ under the Global Quota
b/ Sweet rice for processing purpose

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	20,347[a/]	205,228	50,076	116,159	29,963	9,030
2006	245,922	49,724[b/]	196,198	50,076	116,159	29,963	[c/]
2007	266,270	70,072[d/]	196,198	50,076	116,159	29,963	[c/]
2008	286,617	90,419[e/]	196,198	50,076	116,159	29,963	[c/]
2009	306,964	110,766[f/]	196,198	50,076	116,159	29,963	[c/]
2010	327,311	131,113[g/]	196,198	50,076	116,159	29,963	[c/]
2011	347,658	151,460 [h/]	196,198	50,076	116,159	29,963	[c/]

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 bad crop situation.
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
g/ Global quota allocations: United States 43,643MT; China 42,411MT; Thailand 40,347 MT; and Pakistan 4,712MT
h/ Global quota allocations: United States 46,825MT; China 44,911MT; Thailand 20694 MT; and Vietnam 15,000MT; and Myanmar 15,000MT. Australia CSQ allocation that will be converted to MFN is still open yet.

Korea: CSQ Table Rice Allocation (MT, Milled rice)					
Year	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	26,219	65,556	2,100 c/	4,318a/	98,193
%	26.7	66.8	2.1	4.4	100
2011 plan	**27,473**	**67,135**	**5,100** c/	**4,589**	**104,297**
%	**26.3**	**64.4**	**4.9**	**4.4**	**100**

Source: MIFAFF

a/ USA won the Australian CSQ allocation converted to MFN due to Australia's inability to fulfill quota due to drought conditions.
b/ China won the Australian CSQ allocation converted to MFN due to Australia's inability to fulfill quota due to drought conditions.
c/ included 90MT of Jasmin rice

Korea: Processing Rice Allocation Based on CSQ
(MT, Milled rice)

Year	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	23,857	50,603	27,863	4,712c/	107,035
%	22.3	47.3	26.0	4.4	100
2011plan	**22,603**	**49,024**	**24,863**	**4,441**	**100,931**
%	**22.4**	**48.6**	**24.6**	**4.4**	**100**

Source: MIFAFF
a/ Thailand won the Australian CSQ allocation converted to MFN due Australia's inability to fulfill quota due to drought conditions.
b/ broken rice
c/ Pakistan won the Australian CSQ allocation converted to MFN due to Australia's inability to fulfill quota due to drought conditions.

Korea: Global Quota Allocation per Rice Variety
(MT, Milled rice)

Year	Medium Grain	Short Grain	Long Grain	Optional Variety			Total
				Unbroken	Broken	Sweet	
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	a	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	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
2011 plan	**35,825**	**44,911**	**20,694**	**10,000 [d/]**	**30,000 [b/]**	**1,000 [c/]**	**142,430**
%	**25.2**	**31.5**	**14.5**	**7**	**21.1**	**0.7**	**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

Auctions:
aT manages the purchase and sale of imported rice through a public auction system. In contrast, MIFAFF sells processing rice to end-users throughout the year. The 2011 MMA shipments started arriving in late 2011 and will continue till the end of October 2012. Approximately 104,297 MT of table rice will be delivered over this period.

In early April 2011, aT kicked off table rice auctions for Thai rice and Chinese rice. The auctions for U.S. rice started at the end April due to late arrivals. The progress of early auctions was slow. However, a bullish domestic rice market caused by lower supply of local rice in tandem with falling selling floor prices have helped sell imported table

The aT dropped its selling floor prices three times from 1,350 won ($1.23) per Kg to 800 won ($0.73) for U.S. #1 medium grain rice, while Chinese #1 short grain price declined four times from 1,320 won ($1.20) per Kg to 650 won ($0.59). The price for Thai #1 long grain was also reduced to 480 won ($0.44) per Kg from 950 won ($0.86) three times. The aT is expected to sell the total amount of U.S. imported table rice by late November 2011 considering ongoing U.S. #3 rice selling auctions.

Korea: Status of Rice Auction for Table Rice under 2010 CSQ
(Unit: metric tons, milled basis, as of October 26, 2011)

Commodity	USDA Grade	Total Table Rice CSQ	Auctioned Off	Balance	Rate of Auctioned Off (%)
U.S. Medium Grain	#1	27,915	27,890	25	99.9
	#3	2,622	0	2,622	0
Chinese Short Grain	#1	39,334	20,788	18,546	53
	#3	26,222	0	26,222	0
Thai Long Grain	#1	2,100	2,100	0	100
Total		98,193	50,778	47,415	52

Source: Korea Agro-Fishery Trade Corporation (aT)

Korea: Status of Rice Auction for Table Rice under 2009 CSQ
(Unit: metric tons, milled basis, as of March 24, 2011)

Commodity	USDA Grade	Total Table Rice CSQ	Auctioned Off	Balance	Rate of Auctioned Off (%)
U.S. Medium Grain	#1	21,384	20,955	429 [a/]	98
	#3	2,376	2,373	3	100
Chinese Short Grain	#1	29,682	18,833	10,849 [b/]	63
	#3	19,780	639	19,141 [b/]	3
Chinese Medium Grain	#1	3,510	197	3,313 [b/]	6
Thai Long Grain	#1	3,078	1,578	1,500 [b/]	51
Total		79,810	44,575	35,235	56

Source: Korea Agro-Fishery Trade Corporation (aT)
a/ Of them, 418 MT was damaged quantities.
b/ diverted to the alcohol processing purpose at Korean won 285 per Kg (US$0.25) from late April through early August 2011.

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	1,542	1,510	1,487	1,558	1,132	2,034	1,983

(2007 MMA)							
2009 February-May 2010 (2008 MMA)	1,160	994	1,125 (1,100)	na	1,329	1,913	1,845
2010 February-March 2011 (2009 MMA)	970	881	914 (850)	893	672	1,692	1,635
2011 April-October (2010 MMA)	909	a/	735	a/	518	1,959	1,886

Source: Korea Agro-Fishery Trade Corporation (aT)

a/ Plans to start auctioning off soon after completion of selling auctions for #1 grade rice.

Exports:

Korea exports negligible amount of rice. For the first nine months in CY 2011, Korea exported 2,850 MT of milled rice to 32 countries worldwide. Australia imported 1,141 MT or 40 percent of total Korean rice exports while the United State imported 138 MT of Korean rice for the period.

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	3,765	6,394	272	587
2011(Jan.-Sep.)	2,850	4,455	138	210

Tariffication:

The Korean government has reportedly decided not to pursue rice tariffication discussions for this year as had been proposed by a government-sponsored rice sub-committee.

Rice PSD

Rice, Milled Korea, Republic of	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Nov 2009		Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	924	924	892	892	855	854	(1000 HA)
Beginning Stocks	996	996	1,453	1,508	1,278	964	(1000 MT)
Milled Production	4,916	4,916	4,295	4,295	4,240	4,300	(1000 MT)
Rough Production	6,502	6,502	5,804	5,804	5,730	5,811	(1000 MT)
Milling Rate (.9999)	7,561	7,561	7,400	7,400	7,400	7,400	(1000 MT)
MY Imports	310	306	330	330	350	350	(1000 MT)
TY Imports	320	320	330	330	350	350	(1000 MT)
TY Imp. from U.S.	94	95	0	95	0	100	(1000 MT)

Total Supply	6,222	6,218	6,078	6,133	5,868	5,614	(1000 MT)
MY Exports	4	9	3	4	3	3	(1000 MT)
TY Exports	4	9	3	4	3	30	(1000 MT)
Consumption and Residual	4,765	4,701	4,797	5,165	4,800	4,507	(1000 MT)
Ending Stocks	1,453	1,508	1,278	964	1,065	1,104	(1000 MT)
Total Distribution	6,222	6,218	6,078	6,133	5,868	5,614	(1000 MT)
Yield (Rough)	7.	7.0368	7.	6.5067	7.	6.8044	(MT/HA)

Appendix

Korea: 2011 MMA Rice Tender Schedule and Results

(Milled Rice, Metric Ton, as of 10/26/2011)

No.	Bidding Date	Specs (contracted date)	Quantity, milled (brown)	Delivery (disport)	Origin (Awarded Price: US$/MT)	Milling Type	Quota Type
1	6/21/11	SG #3 or MG #3 Optional (6/27/11)	10,000 (**11,111**)	By 10/31/11 Busan in container or Gunsan in bulk	807.00CIP from SM/ADM USA	Brown	Global
		MG #3 (6/27/11)	19,629 (**21,810**)	By 10/31/11 Busan in container or Masan in bulk	782.00CIP from SM/ADM USA		
		LG #3 (6/27/11)	4,500 (**5,000**)	By 9/30/10 Busan in container or Masan in bulk	579.79CIP from LG/Chaiyaporn Thailand		
		LG #3 (6/27/11)	12,210 (**13,567**)	By 9/30/10 Gunsan in bulk	589.68CIP from LG/Chaiyaporn Thailand		CSQ
		MG #3	4,441 (**4,934**)	By 9/31/11 Busan in container or Masan in bulk	Australia		
2	6/28/11	Broken Rice US #4 Brewer's Milled Rice (7/4/11)	**5,000**	By 9/30/2011 Ulsan in bulk	490.00 CIP from Fine Marine/ Vinafood1 Vietnam	Milled	Global
		LG#3 (7/4/11)	7,194 (**7,993**)	By 10/31/10 Busan in container or Masan in bulk	558.23 CIP from LG/ Chaiyaporn Thailand	Brown	Global
		LG#3 (7/4/11)	9,000 (**10,000**)	By 10/31/10 Mokpo in bulk	567.00 CIP from Fine Marine/ Asian Golden Rice Thailand		
		SG #3 or MG #3 Glutinous Milled Rice Optional (7/4/11)	**1000**	By 11/31/2011 Busan or Inchon	965.73 CIF from Shin-Song/American Commodity Company USA	Milled	
3	7/14/11	Broken Rice US #4 Brewer's Milled Rice (7/20/11)	**10,000**	By 11/31/2011 Inchon	504.78 CIP from Fine Marine/ Vinafood1 Vietnam	Milled	Global
		SG #3 (7/20/11)	17,911 (**19,901**)	By 12/31/2011 Gunsan (9,901) and Masan (10,000)	872.00 CIP from Daewoo/COFCO China	Brown	

4	8/11/11	SG #3 (8/19/11)	27,000 (**30,000**)	By 12/31/2011 Donghae with 15,000 in bulk By 11/30/2011 Ulsan with 15,000 in bulk	875.50 CIP from Fine Marine /COFCO China	Brown	Global
		SG #3 (8/17/11)	18,000 **(20,000)**	By 11/30/2011 Inchon	870.00 CIP from Shin-Song/Jilin Grain Corp. China		CSQ
		MG#1/#3	**4,598**	By 12/31/2011 Busan	Australia	Milled	
5	8/18/11	MG#3 (8/25/11)	18,103 **(20,114)**	By 12/31/2011 Gunsan	822.00CIP from SM/ADM USA	Brown	CSQ
		SG #3 (8/25/11)	13,024 **(14,471)**	By 12/31/2011 Inchon	879.00 CIP from Daewoo/COFCO China		
		Broken Rice US #4 Brewer's Milled Rice (8/25/11)	**15,000**	By 12/31/2011 Inchon	515.00 CIP from Shin-Song/xxxxx Myanmar	Milled	Global
		SG #3 (8/25/11)	13,500 **(15,000)**	By 12/31/2011 Mokpo	879.00 CIP from Daewoo/COFCO China	Brown	CSQ
		LG#3 (8/25/11)	12,653 **(14,059)**	By 11/30/2011 Donghae	669.47 CIP from Fine Marine/ Asian Golden Rice Thailand		
		LG#1	**2,010**	By 3/31/2012 Busan	Thailand	Milled	
		LG#3 (8/25/11)	**3,000**	By 10/31/2012 Busan	674.46 CIF from Hyolim/Chimeng Thailand		
		Aroma LG#1 (8/25/11)	**90**	By 3/31/2012 Busan	1,207.67 CIF from Hyolim/Chimeng Thailand		
6	8/31/11	MG#3 (9/5/11)	16,196 **(17,996)**	By 12/31/2011 Gwangyang	749.30 CIP from D&B/Sun Foods USA	Brown	Global
		MG#1 (9/5/11)	**14,726**	By 2/29/2011 Busan	866. 00 CIF from SM/ADM USA	Milled	CSQ
		SG#3 3rd bid (9/5/11)	4,500 **(5,000)**	By 12/30/2011 Inchon or Pyengtaek	875.00 CIP from Fine Marine /COFCO China	Brown	
		MG#3 3rd bid (9/5/11)	4,500 **(5,000)**	By 12/30/2011 Inchon or Busan	763.00CIP from SM/ADM USA		
7	10/18/11	MG#1 (10/25/11)	**10,000**	By 6/30/2012 Busan	799.99 CIF from Shin-Song/American Commodity Company USA	Milled	CSQ
		MG#3 (10/25/11)	**2,747**	By 6/30/2012 Busan	751.16 CIF from GS Global/Sun Valley USA		

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

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

Quantity (MT), milled basis	Due Date of Customs Clearance
6,000	By December 2011
4,000	By January 2012
4,726	By February 2012
4,000	By April 2012
4,000	By May 2012
2,000	By June 2012
2,747 (#3)	By June 2012
27,473	Total

Korea: Farm Gate Price Index of Non-Glutinous Rice (2005=100)		
Year and Months	Price Index	
2001	108.8	
2002	106.0	
2003	110.4	
2004	110.8	
2005	100.0	
2006	95.8	
2007	98.7	
2008	104.0	
2009	98.3	
2010	88.5	
Quarterly	**2009**	**2010**
First	105.4	91.2
Second	103.5	87.3
Third	97.6	85.3
Fourth	92.9	89.4

Source: Statistics Korea (KOSTAT)

Korea: Monthly Wholesale Price of Milled Rice (High Quality)						
Month\Year	CY 2009		CY 2010		CY 2011	
	Won/Kg	US$/Kg	Won/Kg	US$/Kg	Won/Kg	US$/Kg
January	2,060	1.53	1,710	1.50	1,764	1.58
February	2,051	1.43	1,710	1.48	1,794	1.60
March	2,048	1.40	1,693	1.49	1,873	1.67
April	2,040	1.53	1,677	1.50	1,938	1.79
May	2,018	1.61	1,639	1.41	1,950	1.08
June	1,951	1.55	1,630	1.34	1,950	1.81
July	1,917	1.52	1,630	1.35	1,950	1.84
August	1,867	1.51	1,619	1.37	1,950	1.82

September	1,830	1.51	1,605	1.38	1,950	1.74
October	1,756	1.50	1,605	1.43	2,022	1.74
November	1,711	1.47	1,710	1.52	Na	Na
December	1,710	1.47	1,740	1.52	Na	Na
Average	1,913	1.50	1,665	1.44	Na	Na

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 2009		CY 2010		CY 2011	
	Won/Kg	US$/Kg	Won/Kg	US$/Kg	Won/Kg	US$/Kg
January	2,302	1.71	2,101	1.84	2,064	1.84
February	2,299	1.61	2,090	1.81	2,098	1.87
March	2,298	1.58	2,080	1.83	2,138	1.91
April	2,287	1.72	2,102	1.88	2,217	2.04
May	2,281	1.82	2,086	1.80	2,235	2.06
June	2,255	1.79	2,057	1.70	2,254	2.09
July	2,221	1.76	2,052	1.70	2,234	2.11
August	2,204	1.78	2,054	1.74	2,203	2.05
September	2,201	1.81	2,031	1.74	2,201	1.97
October	2,188	1.87	2,039	1.82	2,243	1.93
November	2,139	1.84	2,017	1.79	Na	Na
December	2,110	1.81	2,020	1.76	Na	Na
Average	2,093	1.64	2,061	1.78	Na	Na

Source: Korea Agricultural Marketing Information Service (KAMIS)
Note: Monthly Average Exchange Rate is applied.

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	20,347[a/]	205,228	50,076	116,159	29,963	9,030
2006	245,922	49,724[b/]	196,198	50,076	116,159	29,963	[c/]
2007	266,270	70,072[d/]	196,198	50,076	116,159	29,963	[c/]
2008	286,617	90,419[e/]	196,198	50,076	116,159	29,963	[c/]
2009	306,964	110,766[f/]	196,198	50,076	116,159	29,963	[c/]
2010	327,311	131,113[g/]	196,198	50,076	116,159	29,963	[c/]
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
g/ Global quota allocations: United States 43,643MT; China 42,411MT; Thailand 40,347 MT; and Pakistan 4,712MT

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	63,055[a/]	22
2009	306,964	79,810[b/]	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 in CY2010
b/ Of them, 33,303 MT of Chinese rice and 1,500 MT of Thai rice are diverted to the processing purpose in CY2011

Korea: Rice allocation per Country on the buying tender under MMA
(Milled basis, MT)

Calendar Year	MMA Quota	U.S.A.	China	Thailand	Australia	Vietnam	Pakistan	India
1995	51,307	0	0	0	0	0	0	51,307
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	20,268	0	0	0
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	9,030	0	0	0
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	0
2010	327,311	93,719	158,570	70,310	0	0	4,712	0
Total	2,813,068	606,674	1,640,682	419,835	29,298	9,000	10,232	51,307

Source: FAS/Seoul
a/ Thai suppliers delivered only 8,470 MT of the total contracted amount

Korea: Foreign Exchange Rate
(Korean Won against US$)

Month	2010	2011
January	1,139	1,119
February	1,155	1,119
March	1,136	1,120
April	1,116	1,085
May	1,161	1,083
June	1,212	1,080
July	1,205	1,058
August	1,179	1,073
September	1,164	1,120
October	1,123	1,163[a/]
November	1,128	na

December	1,146	na
Average	**1,156**	**1,099**

Source: Global Financial Service
a/ an average for October 1-24, 2011