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Korea - Republic of

Oilseeds and Products Annual

2016 Annual Report

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Report Highlights:
Soybean consumption in MY 2016/17 is forecast unchanged from the current marketing year at 1.42 MMT, while trade is also expected to remain stable at 1.3 MMT of which soybeans for crushing stay at 1MMT. Imports of food grade soybeans in MY 2016/17 are forecast around 290,000 MT with the U.S. expected to retain 70 to 80 percent market share. Soybean meal imports for MY 2016/17 are expected to stay at 1.75 MMT due to static livestock inventories. Meanwhile, soybean oil consumption is expected to remain at 470,000 MT because of stagnant demand in the bio-diesel sector, with rising demand for more cost effective palm oil at 480,000 MT.

Commodities:

Oilseed, Soybean

Production:

Soybeans account for approximately 67 percent of Korea's total oilseed production, while sesame and perilla combine for about 27 percent of the total in MY 2014/15. The remainder largely consists of rapeseed and peanuts. However, the Korean government has not released rapeseed production numbers since CY 2010. (Table 3)

The Korean Rural Economic Institute (KREI) conducted a nationwide planting intention survey of 784 soybean farmers, December 24-31, 2015. According to the survey results, MY 2016/17 soybean area is forecast to increase to 67,880 hectares, up 11,214 hectares (20 percent) from the previous year's harvested area (Table 2). This increase is due to domestic soybean prices that have been bullishly affected by lower production last year. Using the KREI survey results as a benchmark, Post is forecasting soybean production for MY 2016/17 to increase by 16 percent from the previous year, on a five-year average yield.

In MY 2015/16, soybean production decreased to 103,504 metric tons (MT), down 35,736 MT (25 percent) from the previous year due mainly to declining soybean acreage coupled with lower yield, caused by droughts in the middle part of the Korean peninsula. (Table 1)

In CY2016, government purchases of 2015 soybean crop were approximately 11,200 MT, reaching about 56 percent of purchasing target, as farmers opted to sell their beans through both the government purchase channel and commercial markets because of recent bullish commercial trends in the soybean wholesale market since fall 2015. The bullish commercial market prices caused by smaller production than previous years induced farmers to sell their soybeans more to the commercial markets than the governmental purchase program.

Table 1

Korea: Soybean Production			
Crop Year	Area (ha)	Yield (kg/ha)	Production (mt)
2010	71,422	1,475	105,345
2011	77,849	1,662	129,394
2012	80,842	1,516	122,519
2013	80,031	1,925	154,067
2014	74,652	1,866	139,267
2015	56,666	1,830	103,504
2016 (f)[1/]	67,880	1,760[2/]	120,000

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA)
1/ FAS Seoul forecast.
2/ based on previous five-year average

Table 2

Korea: 2016 Soybean Planting Intentions			
Crop Year	Upland (ha)	Paddy Land (ha)	Total (ha)
2015	51,422	5,244	56,666
2016	58,297	9,583	67,880

Growth Rate (%)	+13.4	+82.8	+19.8

Source: Korea Rural Economic Institute (KREI)
Note: Based on KREI telephone survey to 784 farm households for December 24-31, 2015

Table 3

Korea: Oilseed Area and Production (Hectares and Metric tons)						
Crops	MY 2013		MY 2014		MY 2015	
	Area	Production	Area	Production	Area	Production
Soybean	80,031	154,067	74,652	139,267	56,666	103,504
Peanuts[2/]	4,374	10,875	4,565	12,402	Na[3/]	Na[3/]
Sesame	23,184	12,392	28,370	12,158	25,139	11,678
Perilla	30,130	33,347	37,461	43,260	Na[3/]	Na[3/]
Total	137,719	210,681	145,048	207,087	Na[3/]	Na[3/]

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA)
Notes:
1/ FAS/Seoul estimates.
2/ In-shell
3/ Data will be available around May 2016

Table 4

Korea: Government Purchases of Soybeans					
	Grown in rice paddy area		Grown in upland area		
Year	Price (KRW/Kg)[1/]	Quantity (mt)	Price (KRW/Kg)[1/]	Quantity (mt)	Total Purchase (mt)
2009	3,168	509	3,168	763	1,272
2010	3,168	0	3,168	0	0
2011	3,168	0	3,168	0	0
2012	3,618	0	3,618	0	0
2013	3,868	1,373	3,868	7,571	8,944
2014	3,868	na	3,868	na	9,409
2015	3,868	na	3,868	na	11,200

Source: Korea Agro-Fishery & Food Trade Corporation (aT)
1/ Price based on No. 1 grade of large-sized kernel

Table 5

Korea: Wholesale Prices of Domestic Soybeans (High Quality, Korean Won per Kg)												
Month	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
2011	7,027	7,121	7,185	7,250	7,244	7,163	7,080	6,971	6,855	6,145	5,581	5,320
2012	5,177	5,229	5,254	5,436	5,548	5,580	5,583	5,583	5,583	5,647	5,961	6,155
2013	6,229	6,311	6,314	6,314	6,333	6,326	6,338	6,286	6,286	5,885	5,193	4,594
2014	4,435	4,142	4,057	4,057	4,057	4,057	4,057	4,057	4,057	3,931	3,997	3,973
2015	3,977	4,000	3,888	3,886	3,929	3,971	3,971	3,946	3,914	3,952	4,165	4,225
2016	4,255											

Source: Korea Agro-Fishery& Food Trade Corporation (aT)
Applicable Exchange Rate (Korean Won per USD): 1,130 on average in 2015

Consumption:

Soybeans account for the majority of oilseed consumption. Consumption in MY 2016/17 is forecast to remain unchanged from the current marketing year at 1.42 million MT (MMT) amid stagnant domestic production, of which 1.0 MMT will go for crushing and 370,000 MT for food processing use in items like tofu, soymilk and soy sauce with others for feed, seed and waste remaining constant. All domestic production goes to food use. Future growth in overall soybean consumption is expected to be minimal. Consumption for crushing will be constant at the level of one million MT if CJ Corporation, a leading Korean soybean crusher, continues soybean crushing in their flexible crushing facilities, which are convertible by the comparison of crushing margins between rapeseed and soybeans.

In MY 2015/16, soybean consumption is expected to stay around 1.42 MMT due to less consumption of food soybeans caused by declining domestic soybean production, consisting of one million MT for crushing, 370,000 MT for food and 50,000 MT for others, respectively.

In MY 2014/15, because of a greater crushing margin, Korean crushers increased soybean crushing to 1,017,400 MT, up 13 percent from the previous year. Bearish trend of international soybeans prices led to the increase of locally processed soybean for soybean meal for feed.

Table 6

Korea: Soybean Consumption for Crushing (Metric Ton)			
Month	MY 13/14	MY 14/15	MY 15/16
October	72,100	77,250	72,600
November	59,500	72,500	81,150
December	68,900	76,250	87,830
January	83,040	87,900	Na
February	71,500	83,600	Na
March	90,100	87,800	Na
April	75,570	87,100	Na
May	68,500	87,450	Na
June	79,900	89,900	Na
July	72,000	87,850	Na
August	82,250	92,800	Na
September	74,250	87,000	Na
Total	897,610	1,017,400	Na

Source: Korea Soybean Processing Association

Table 7

Korea: Distribution of Imported Soybeans for Food Manufacturing by the Korea Agro Fisheries & Food Trade Corp (aT) (Calendar Year, Metric Ton)			
Item\Year	CY 2013	CY 2014	CY 2015
Soybean Curd	140,837	117,393	103,720
Soy Paste	44,208	39,460	33,225
Soy Paste/Soy Flour	5,631	6,112	4,062
Soy Milk	38,330	27,923	25,550
Soy Sprout	45,000	29,201	28,173
Others 1/	300	224	225
Sub. Total	274,306	220,389	194,955
By product 2/	36,000	37,119	36,306

Total (A)	310,360	257,429	231,261
TRQ Allocation to End-Users Direct Commercial Purchases			
Soybean Curd	13,012	8,000	
Soymilk	4,033	0	
Soy-Paste/Red Pepper	4,970	2,000	2,253
Soy Sprout	2,985	10,000	8,920
Total (B)	25,000	20,000	11,173
Soy-sauce/protein (after crushing) (C)	5,800	6,800	2,580
Grand Total (A+B+C)	**341,106**	**284,232**	**245,014**

Source: Korea Agro-Fishery & Food Trade Corporation (aT)
Note: Quantity is on the basis of cleaned soybeans.
1/ Government, military employees and others
2/ Feed

Trade:

Soybeans account for more than 90 percent of total oilseed imports, of which approximately 80 percent are used for crushing in the latest marketing year. Due to constant demand for imported soybeans, MY 2016/17 soybean imports are forecast to remain unchanged from the current marketing year estimate of 1.3 MMT. MY 2015/16 soybean imports are expected to increase four percent from the previous year due to a statistical adjustment of food grade soybeans imports in MY 2014/15. In MY 2014/15, total soybean imports were 1,121,028 MT on customs cleared basis, consisting of 1,005,603 MT for crushing purpose and 115,281 MT for food processing purpose. Korea Customs Service (KCS) investigated importers of food grade soybeans, who were suspected of price manipulation, putting some pending soybeans imported earlier months prior to October 2015, in December 2015, on the basis of customs clearance. FAS/Seoul adjusted the imports of food-grade soybeans to 240,127 MT from 115,284 MT on the customs clearance basis in order to meet actual supply and demand, reflecting the adjusted numbers of imports into PS&D (Table 8).

Crushing
Imports of crushing soybeans in MY2016/17 are forecast to remain unchanged from the current marketing year's estimate of 1.0 MMT in consideration of crushers' preference to process soybeans rather than rapeseed.

Imports during the first three months of MY2015/2016 (Oct-Dec) reached slightly more than 230,000 MT, with an additional 280,000 MT contracted for delivery during Jan - Jun 2015. Though soybean imports for crushing during the first quarter of MY2015/16 were up eight percent over the same period of MY 2014/15, crushers are expected to import a level similar to the previous year to meet constant demand of soybean meal for animal feed (Table 9).

The CY 2016 autonomous crushing soybean quota is 1.5 MMT with an adjustable in-quota tariff, which was cut from three percent to zero (Table 18). Under the KORUS FTA, the duty on U.S. crushing soybeans fell to zero immediately as of March 15, 2012. In MY 2014/15 the majority of crushing beans came from Brazil, followed by the United States and Paraguay (Table 10).

Table 8

Korea: Total Soybean Imports (Unit: MT)			
Marketing Year (Oct/Sep)	Crushing Soybean	Food Grade Soybean	Total
2008/09	893,445	273,465	1,166,910
2009/10	924,491	272,733	1,197,224
2010/11	934,281	304,647	1,238,928
2011/12	786,654	352,335	1,138,989

2012/13	811,886	299,659	1,111,545
2013/14	930,277	340,559	1,270,836
2014/15	1,005,603	115,284	1,121,028
2014/15[a/]	1,005,603	240,127	1,245,730

Source: Korea Customs Service (KCS)
a/ FAS Seoul adjusted imports of food grade soybeans to 240,127 MT from 115,284 MT based on customs clearance because Korea Customs Service reported cumulative numbers of food grade soybeans imports in December 2015.

Table 9

Korea: Soybean Imports for Oct.-Dec. by Origin (Unit: MT)					
Soybean for Crushing (HS1201.90.1000)					
MY2015/16	USA	Brazil	China	Others	Total
Oct. 2015	0	59,159	0	0	59,159
Nov	0	68,824	0	0	68,824
Dec	57,600	50,135	0	21	107,756
Subtotal	**57,600**	**178,118**	**0**	**21**	**235,739**
MY2014/15a/	104,477	63,093	0	50,808	218,374
Soybean for Sprouting (HS1201.90.3000)					
MY2015/16	USA	Brazil	China	Others	Total
Oct. 2015	0	0	0	0	0
Nov	0	0	0	0	0
Dec	140	0	1,440	282	1,862
Subtotal	**140**	**0**	**1,440**	**282**	**1,862**
MY2014/15a/	20	0	9,540	0	9,560
Soybean for Food Processing (HS1201.90.9000)					
MY2015/16	USA	Brazil	China	Others	Total
Oct. 2015	1,866	500	0	2498	4,864
Nov	961	0	280	764	2,005
Dec	57,939[b/]	580	187	5,712	64,418[b/]
Subtotal	**60,766[b/]**	**1,080**	**467**	**8,974**	**71,286[b/]**
MY2014/15a/	6,268	1,000	1,901	1,459	10,628
Soybeans Total					
MY2015/16	USA	Brazil	China	Others	Total
Oct. 2015	1,866	59,659	0	2,498	64,023
Nov	961	68,824	280	764	70,829
Dec	115,678[b/]	50,715	1,627	6,015	174,035[b/]
Subtotal	**118,505[b/]**	**179,198**	**1,907**	**9,277**	**308,887[b/]**
MY2014/15a/	110,765	64,093	11,441	52,267	238,566

Source: Korea Customs Service (KCS)
a/ October – December 2014
b/ FAS Seoul's statistical adjustment to minimize difference between actual consumption and customs clearance for food grade soybeans in MY 2014/15.

Table 10

Korea: Crushing Soybean Imports by Origin (Unit: MT)					
Marketing Year (Oct/Sep)	USA	Brazil	Paraguay	Others	Total
2007/08	374,940	552,887	20	**0**	927,847
2008/09	327,900	565,545	0	0	893,445
2009/10	492,776	431,715	0	0	924,491
2010/11	485,109	405,551	43,621	0	934,281

2011/12	173,447	418,292	194,915	0	786,654
2012/13	374,167	384,262	53,461	0	811,886
2013/14	372,504	455,920	101,853	0	930,277
2014/15	326,169	628,209	51,025	200	1,005,603

Source: Korea Customs Service (KCS)
a/ Paraguay

Table 11

Korea: Soybean Contracts for Crushing under MY 2015/16 Arrival by Origin (Unit: 1,000 MT, as of January 2015)					
Estimated Time of Arrival	USA	Brazil	Optional	Others	Total
Oct. 2015	0	110	0	0	110
Nov	0	55	0	0	55
Dec	0	55	0	0	55
Jan. 2016	55	55	0	0	110
Feb	0	0	0	0	0
Mar	0	0	0	0	0
Apr	0	55	0	0	55
May	0	55	0	0	55
Jun	0	55	0	0	55
Total	**55**	**440**	0	0	**495**

Source: Local Traders

Food Use

The Korea Agro-Fishery and Food Trade Corporation (aT), the government's state trading arm, controls the bulk of marketing of non-GMO food grade soybeans for food processing under its autonomous WTO TRQ. aT distributes soybeans to end-users and charges a mark-up for margins that support domestic crop production in addition to handling costs and cleaning, which involves removing any foreign material and broken soybeans upon arrival.

Under its CY 2017 anticipated WTO TRQ-based procurement plan, aT contracted for 170,000 MT of soybeans on basis trading contracts at the end of 2015, with delivery during the first half of CY 2017. Accordingly, in MY 2016/17 imports of food grade soybeans are forecast in the range of 280,000 MT - 300,000 MT, under autonomous WTO TRQ and FTA TRQs, with the majority coming from the United States followed by China, Canada, Brazil and Australia. The United States is expected to retain 70 – 80 percent of the import market for food-use soybeans. The gains under the KORUS FTA will further strengthen the U.S. position. U.S. food grade soybeans are primarily used in products like tofu, soybean paste/sauce and soymilk, while China mainly supplies soybeans for sprouting.

Under its CY 2016 autonomous WTO TRQ of 252,000 MT, aT is expected to directly import 240,000 MT of soybeans, of which 210,000 MT is for food processing and 30,000 MT is for sprouting. The import license for the remaining 12,000 MT has been allocated to end-users, who can contract with soybean suppliers directly. In late 2014, aT had already purchased 180,000 MT on basis trading contracts from the United States for delivery during the first half of CY 2016. The remaining 30,000 MT will likely be purchased off the spot market sometime in CY 2016 with delivery during the second half of CY 2016. Under FTA TRQ, Korea is expected to import about 40,000 MT from the United States, China, Australia and Canada who have FTA TRQ agreements. Therefore, total imports of food grade soybeans will be in the range of 290,000-300,000 MT in CY 2016.

In CY 2015, Korea imported 293,092 MT of food grade soybeans, consisting of 261,086 MT of yellow soybeans and 32,007 MT of soybeans for sprouting, under combined autonomous WTO TRQ and FTA TRQ. Under autonomous WTO TRQ, the state trading company imported 231,261 MT and end-users with import licenses imported 11,173 MT, respectively (Table 7). Under FTA TRQs, Korea imported 25,293 MT from the United States, 476 from Australia and 4,847 MT from Canada, respectively (Table 16).

aT distributed about 166,782 MT of imported food-quality soybeans (excluding soy by-products and sprouts) at an average price of Korean Won1,020 per KG (or $903/MT, applicable exchange rate (Korean Won per USD): 1,130 on average in 2015), which was unchanged from the previous year. During this period, the average price of imported soybeans for food processing was $706/MT (CIF). Based on these figures, aT made an estimated $33 million in selling imported food grade soybeans to end-users. However, as Korean soybean farmers groups and NGOs have complained about the government selling price of imported soybeans being much cheaper than domestically grown soybeans, aT is anticipated to increase the selling price of imported soybeans in the near future.

Table 12

Korea: Food Grade Soybean Imports by Origin (Unit: MT)					
Marketing Year (Oct/Sep)	USA	Brazil	China	Others	Total
2007/08	60,311	15,890	218,905	227	295,333
2008/09	58,233	4,500	210,728	4	273,465
2009/10	215,932	4,000	47,546	5,255	272,733
2010/11	216,984	35	80,162	7,466	304,647
2011/12	225,084	5,300	109,726	12,225	352,335
2012/13	192,728	1,702	83,449	21,780	299,659
2013/14	247,832	0	80,307	12,420[a/]	340,559
2014/15	70,894	2,500	33,822	8,068[b/]	115,284
2014/15[c/]	195,737	2,500	33,822	8,068[b/]	240,127

Source: Korea Customs Service (KCS)
a/ Canada (7,584) and Australia (4,836)
b/ Canada (6,848) and Australia (1,220)
c/ FAS Seoul adjusted imports of food grade soybeans to 195,737 MT from 70,894 MT based on customs clearance because Korea Customs Service reported cumulative numbers of food grade soybeans imported from the United States in December 2015.

The government set the 2016 autonomous WTO TRQ for U.S. #1 grade soybeans at about 252,000 MT, consisting of approximately 30,000 MT of soybeans for sprouting and 210,000 MT for food processing. The TRQ also includes a 12,000 MT allocation for direct import under an import license quota, consisting of 10,000 MT of soybeans for sprouting and 2,000 MT of food grade soybeans, which will effectively allow end-users or importers to bypass aT and buy from direct sources. The applicable in-quota tariff rate is 5 percent, while the out-of-quota tariff rate is a prohibitive 487 percent, or 956 Korean won (or US$ 0.87) per kg, whichever is greater. (Table 18)

Under the KORUS-FTA, Korea has established a zero tariff rate quota for 10,000 MT of food-grade identity-preserved (IP) soybeans in the first year of the agreement in CY 2012, increasing to 20,000 MT in year two and 25,000 MT in year three. For years four and beyond, the TRQ grows three percent annually in perpetuity. (Table 13)

As 2016 represents year five of the agreement, the quota for this year is 26,523 MT. The TRQ is administered by associations of food-grade soybean processors, which gives U.S. suppliers direct market access to these processing companies. The KORUS FTA TRQ of 26,523 MT in CY 2016 has already been allocated to soybean processors as shown table 14. TRQ fill rate under KORUS FTA has been improved to 98 percent in CY 2015 from 35 percent in CY 2012. In CY 2015, Korean soybean processors successfully imported 25,293 MT, 98 percent of 25,750 MT of the KORUS FTA TRQ by securing IP food grade soybeans through farming contracts in advance. (Table 14)

As the Korea-Canada FTA went into effect on January 1, 2015, Korea established a duty free quota for 5,000 MT of food grade identity preserved soybeans in the first year, increasing by 2,500 MT annually up to 15,000 MT in 2019 for the first five years and continuing to increase by 400 MT annually up to 17,000 MT in 2024, the tenth year. For years eleven and beyond, the in-quota quantity will be fixed at 17,000 MT annually. In CY 2016, Korea is expected to import 7,500 MT of Canadian IP soybeans under the FTA TRQ. In CY 2015, Korean soybean processors imported 4,847 MT from Canada, 97 percent of 5,000MT of the FTA TRQ. (Table 15)

Korea set up a duty-free quota for 500 MT of Australian food-grade IP soybeans in 2014 for the first year when the Korea-Australia FTA took effect on December 12, 2014. An annual increment of 50 MT becomes 550 MT in 2015 for the second year, reaching 1,000 MT in 2024, the eleventh year. The in-quota quantity shall remain fixed at 1,000 MT for years 12 and beyond. In CY 2016, Korea is expected to import 600 MT of Australian IP soybeans under the FTA TRQ. In CY 2015, Korean soybean processors imported 476 MT from Australia, 87 percent of 550 MT of the FTA TRQ. (Table 16)

Korea established a duty free quota for 10,000 MT of Chinese food grade IP soybeans under Korea-China FTA, effective on December 20, 2015, consisting of 7,000 MT for IP soybeans for food processing and 3,000 MT for soybeans for sprouting in perpetuity. However, there was no import from China due to lack of lead time in CY 2015. (Table 15)

Table 13

Korea: IP Soybeans Quota Allocation under KORUS FTA (Metric Ton)			
Calendar Year	Allocation	Imported	Fill Rate (%)
2012	10,000	3,453	35
2013	20,000	12,046	60
2014	25,000	23,832	95
2015	25,750	25,293	98
2016	26,523	na	na

Source: Korea Agro-Fishery & Food Trade Corporation (aT)

Table 14

Korea: KORUS FTA IP Soybeans Quota Allocation and Imports per Processor Association (Metric Ton)			
Trade Association of Food Soybeans Processors	2015		2016
	Allocation	Import	Allocation
Korea Federation of Tofu Coop.(KFTC)	7,370	7,170	7,610
Kyung-In/Seoul Soybean Processed Foods Cooperation	1,520	1,519	1,470
Korea Jang Cooperative	5,040	5,016	5,200
Korea Foods Industry Association	4,340	4,360	4,050
Korea Soybean Foodstuffs Association	1,620	1,617	1,720
Korea Bean Curd Manufacture Coop.	2,490	2,490	2,490
Seoul Kyung In Beancurd Manufacture Cooperation	410	161	423
Korea Beansprout Association	2,900	2,900	2,860
Korea Dhyana Food Industry Cooperative	60	60	140
Seoul Soybean-Processed Foods Cooperative	-	-	560
Total	25,750	25,293	26,523

Source: Korea Customs Service (KCS); Korea Agro-Fishery & Food Trade Corporation (aT)

Table 15

Korea: IP Soybeans TRQ under FTAs (Metric Ton)											
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
USA	25,000	25,750	26,523	27,318	28,137	28,981	29,851	30,747	31,669	32,619	33,598
Australia	500	550	600	650	700	750	800	850	900	950	1,000
Canada	na	5,000	7,500	10,000	12,500	15,000	15,400	15,800	16,200	16,600	17,000
China	na	na	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	25,500	31,300	44,62	47,96	51,33	54,73	56,05	57,39	58,76	60,16	61,59

			3	8	7	1	1	7	9	9	8

Source: FAS/Seoul based on Korea's FTAs

Table 16

Korea: Imports of IP Soybeans by Supplier under FTA TRQ (Metric Ton)				
Calendar Year	2012	2013	2014	2015
USA	4,353	12,046	23,832	25,293
Australia	na	na	0	476
Canada	na	na	na	4,847
China	na	na	na	0
Total	4,353	12,046	23,832	30,616

Source: FAS/Seoul based on Korea's FTAs

Production, Supply and Demand Data Statistics:

Soybean, Oilseed PS&D

Oilseed, Soybean	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Oct 2014**		**Oct 2015**		**Oct 2016**	
Korea, Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	80	75	70	57	0	68
Area Harvested	75	75	70	57	0	68
Beginning Stocks	118	118	58	68	0	52
Production	139	139	120	104	0	120
MY Imports	1121	1246	1300	1300	0	1300
MY Imp. from U.S.	625	522	630	600	0	600
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1378	1503	1478	1472	0	1472
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	850	1017	925	1000	0	1000
Food Use Dom. Cons.	420	370	430	370	0	370
Feed Waste Dom. Cons.	50	50	50	50	0	50
Total Dom. Cons.	1320	1437	1405	1420	0	1420
Ending Stocks	58	68	73	52	0	52
Total Distribution	1378	1505	1478	1472	0	1472
(1000 HA) ,(1000 MT)						

Soybean Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Oilseed, Soybean		
Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2013		**2014**
U.S.	620	U.S.	522[a/]
Others		Others	
Brazil	456	Brazil	631

China	80	China	34
Paraguay	102	Paraguay	51
Canada	8	Canada	7
Total for Others	646		723
Others not Listed	5		1
Grand Total	1271		1246[a/]

Source: Korea Customs Service (KCS)
a/ FAS/Seoul reflects statistical adjustment of food grade soybean imports.

Table 17

Korea: Oilseed Imports

(Metric Tons, $1,000)

	MY 2013/14		MY 2013/14		MY 2014/15	
	Volume	Value	Volume	Value	Volume	Value
Soybean	1,270,962	824,725	1,270,962	824,725	1,245,730[a/]	629,456[a/]
Peanuts	551	788	551	788	437	676
Copra	798	947	798	947	1,289	1,567
Linseed	1,319	1,388	1,319	1,388	1,700	1,404
Rapeseed	37	123	37	123	2,626	465
Sunflower Seed	3,566	6,465	3,566	6,465	3,695	6,515
Castor Bean	24	29	24	29	2	2
Sesame Seed	78,680	199,608	78,680	199,608	81,457	162,634
Mustard Seed	1,572	1,493	1,572	1,493	1,772	1,850
Safflower Seed	486	358	486	358	200	203
Perilla Seed	25,027	46,785	25,027	46,785	26,726	52,388
Others	3,198	4,302	3,198	4,302	3,781	5,837
Total	1,386,220	1,087,011	1,386,220	1,087,011	1,369,557[a/]	862,997[a/]

Source: Korea Customs Service
a/ FAS/Seoul reflects statistical adjustment of food grade soybean imports.

Table 18

Korea: Applied Tariff Schedule for Oilseeds

(Percent)

Commodity	H.S. Code	2014	2015	2016
Soybean, Seed	1201.10.xxxx	3	3	3
Soybean, Crushing 1/	1201.90.1000	3(0)	3(0)	3(0)
Soybean, Feed 1/	1201.90.2000	3(0)	3(0)	3(0)
Soybean, Sprouting 2/	1201.90.3000	3(5)	3(5)	3(5)
Soybean, Food Grade 2/	1201.90.9000	3(5)	3(5)	3(5)
Peanuts, Seed, in shell	1202.30.1000	40	40	40

Peanuts, Seed, shelled	1202.30.1000	24	24	24
Peanuts, in Shell 3/	1202.41.0000	40	40	40
Peanuts, Shelled 3/	1202.42.0000	24	24	24
Copra	1203.00.0000	3	3	3
Linseed	1204.00.0000	3	3	3
Rapeseed	1205.xx.xxxx	10 (5)	10	10
Sunflower Seed	1206.00.0000	25	25	25
Cottonseed 4/	1207.29.1000	2 (0)	2 (0)	2 (0)
Sesame Seed 5/	1207.40.0000	40	40	40
Mustard Seed	1207.50.0000	3	3	3
Perilla Seed 6/	1207.99.1000	40	40	40
Castor Beans	1207.99.4000	3	3	3
Safflower Seed	1207.99.5000	3	3	3
Others	1207.99.9000	3	3	3

Source: Korea Customs Research Institute, Tariff Schedules of Korea.
Note: The Seed Industry Act restricts imports of listed commodities for planting seed purposes.
1/The number in parenthesis is the in-quota tariff rate assessed on 1.5 million tons of soybeans imported for crushing and feed purposes for CY 2016.
2/ An applied duty rate of 5 percent is applied to 250,000 tons of food grade soybeans imported and administered by the Korea Agro-Fishery & Food Trade Corporation (aT) under the WTO TRQ. Soybeans imported out-of-quota by private importers will be assessed a tariff rate of 487 percent or Korean won 956/Kg, whichever is greater.
3/The in-quota amount is 4,907.3 tons on a shelled basis. Peanuts imported out-of-quota are assessed a tariff of 230.5 percent.
4/The number in parenthesis is the in-quota tariff rate assessed on all cotton seed for feed in the CY 2016.
5/The in-quota amount under the WTO TRQ is 6,731 tons. Sesame imported out-of-quota is assessed a tariff of 630 percent or Korean won 6,660/Kg, whichever is greater.
6/ 40 percent or Korean won 410/Kg, whichever is greater.

Commodities:

Meal, Soybean
Meal, Rapeseed

Production:

Almost all of the vegetable meal produced in Korea is made from imported soybeans. Soybean meal production in MY 2014/15 increased to 805,781 MT (79.2% applicable extraction rate basis), up 13% from the previous year, to meet a greater demand for feed.

There are only two soybean crushers in Korea, namely CJ Corporation and Sajo O&F Co Ltd with a crushing ratio of 65:35 percent. CJ Corp's crushing capacity remained unchanged at 2,100 MT per day, with Sajo O&F remaining unchanged at 1,100 MT per day from the previous year, respectively. (Table 19)

MY 2016/17 demand for crushing soybeans will remain flat at 1.0 MMT as crushing margins remain steady. Soybean demand for crushing is steady, equivalent to the country's 1.0 MMT crushing capacity. Soybean meal production for MY 2016/17 is forecast to hold steady at 792,000 MT with an extraction rate of 79.2 percent and crude protein content of 44 percent, remaining unchanged from the current marketing year.

MY 2015/16 soybean meal production is expected to stay around at 792,000 MT, a slightly lower level compared to the previous year with better soybean crushing margin than rapeseed continued.

In an effort to strengthen their competitiveness against imported meal from South America, these companies have started producing de-hulled Hi-pro soybean meal with 47-percent protein content by blending U.S. and Brazilian soybeans. In CY

2015, production of de-hulled Hi-pro soybean meal with 47-percent protein fell by a half to 23 percent of total soybean meal production as imports of lower-protein soybeans prevented local crushers from producing enough hi-pro meal for export.

The breakdown of production by company and product follows. In CY 2015, CJ produced 47-percent protein dehulled meal and 45-percent protein meal in a ratio of 36:64, decreasing the production of 47-percent protein meal from the previous 67:33 ratio. However, Sajo produced 46-percent and 45-percent protein meal at a ratio of 47:53, increasing the production of 46 percent protein meal in view of the previous 27:73 ratio.

Table 19

Korea: Soybean Crushing Capacity (As of February 2016)		
Soybean Crusher	Capacity (mt/day)	Location
CJ Corp	2,100 [a/]	Incheon
Sajo O&F	1,100	Incheon
Total	3,200	

Source: Soybean Crushing Industry
Note: Day=24 hours processing basis for 330 days
a/ of them, 700 MT have been converted to crush for either rapeseed or soybeans depending on crushing margin since December 2012.

Consumption:

Nearly all imported and domestically produced soybean meal is used in compound feed production. Korean feed millers prefer soybean meal since it is more readily available than other oil meals. In MY 2014/15, after corn, soybean meal was the second most widely used ingredient in compound feed production, accounting for about 12 percent of the total compound feed production, up one percent point to account for the decrease of feed-wheat use as a protein resource, as well as offset the decrease of palm kernel meal and rapeseed meal with international price of soybean meal decreasing. In MY 2014/15, feed-wheat use declined to 7.8 percent of total compound feed production from the previous year’s 8.7 percent. (Table 22)

MY2015/16 soybean meal consumption is predicted to stay at 2.4 MMT, as the livestock sector continues to maintain high animal inventories for the marketing year as animal operations have kept increasing animal numbers in swine, cattle and poultry sectors. However, ongoing outbreaks of HPAI and FMD may adjust the level of compound feed production later in the year.

MY 2016/17 soybean meal consumption is forecast to remain at 2.4 MMT, unchanged from the current marketing year, as local animal inventories are expected to maintain similar levels as MY 2015/16.

Rapeseed meal consumption for feed in MY 2016/17 is forecast to stay around 500,000 MT. MY2015/16 consumption is expected to increase two percent to 500,000 MT from the previous year, as animal inventories are affected by ongoing current bullish trend of beef and pork prices. In MY 2014/15, feed millers consumed 489,000 MT, down eight percent from the previous year due to substitution of lower-priced soybean meal. (Table 22)

Trade:

Soybean meal imports during MY 2016/17 are forecast to remain at 1.75 MMT, unchanged from the current marketing year as Korean livestock inventories remain stagnant. Despite an increase of 42 percent in soybean meal imports for the first three months over the same period of MY 2014/15, the MY 2015/16 soybean meal import estimate is expected to stay around 1.75 MMT, a slight increase over the same period of previous marketing year. In MY 2014/15, higher beginning stocks limited actual soybean meal imports at 1.74 MMT. (Table 23)

Rapeseed meal imports during MY 2016/17 are forecast at 520,000 MT, unchanged from the current marketing year due to strong demand for feed production. In MY 2015/16, rapeseed meal imports are expected to increase slightly due to constant demand from feed sectors. Korean feed millers imported 499,300 MT of rapeseed meal in MY 2014/15, down 10 percent over the previous marketing year with international soybean meal market continuing bearish trend in CY 2015. India has been the major supplier of rapeseed meal to Korea, and is expected to remain the top supplier for the foreseeable future. Palm kernel meal and copra meal imports are each forecast at approximately 800,000 and 400,000 MT in both MY 2015 and MY 2016, respectively. DDGS imports are also forecast to be strong to meet a greater demand for vegetable protein from feed sectors, if feed wheat supply is limited. (Table 23)

The CY 2016 autonomous soybean meal WTO TRQ was initially set at 2.451 MMT with a zero percent in-quota import duty, unchanged from the previous year. The CY2016 WTO TRQ for DDGS is set at unlimited volume with a zero percent in-quota import duty under FTAs. In order to help the livestock industry, the Korean government has maintained the autonomous zero duty TRQs for other vegetable protein meals such as cottonseed meal and cottonseed hulls. TRQ volumes for copra meal and palm kernel meal were eliminated due to implementing zero duty under the Korean-ASEAN FTA.

Under the Korean-ASEAN FTA, copra and palm kernel meals are imported duty free from South East Asian countries such as Indonesia, Malaysia and the Philippines. Indian soybean meal is imported duty free under the Korea-India Comprehensive Economic Partnership Agreement (CEPA). As part of the KORUS FTA, Korea eliminated import duties on vegetable protein meals such as soybean meal (2304.00.0000), DDGS (2303.30.0000), and cottonseed meal (2306.10.0000) since March 15, 2012.

Export

Korea exports some locally-crushed soybean meal that is less competitive than imported meal. Soybean meal exports for MY 2016/17 are forecast to remain unchanged from the current marketing year's estimate of 100,000 MT. The major markets for Korean soybean meal are Japan followed by Vietnam, Indonesia, Malaysia, and Cambodia. (Table 20)

Table 20

Korea: Soybean Meal Exports (Metric Ton)			
Country	MY 12/13	MY 13/14	MY 14/15
Japan	93,906	159,836	104,210
Malaysia	160	340	600
Indonesia	11,442	13,200	0
Vietnam	1,759	3,040	5,720
Cambodia	816	2,160	864
Philippine	6,620	180	160
Others	300	565	566
Total	114,704	179,321	112,136

Source: Korea Customs Service

Production, Supply and Demand Data Statistics:

Soybean Meal PS&D

Meal, Soybean	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Oct 2014**		**Oct 2015**		**Oct 2016**	
Korea, Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush	850	1017	925	1000	0	1000
Extr. Rate, 999.9999	0.7976	0.7915	0.7914	0.792	0	0.792
Beginning Stocks	175	175	202	134	0	156
Production	678	805	732	792	0	792
MY Imports	1751	1736	1800	1750	0	1750

MY Imp. from U.S.	20	1	200	50	0	50
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2604	2716	2734	2676	0	2698
MY Exports	112	112	150	100	0	100
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	20	20	20	20	0	20
Feed Waste Dom. Cons.	2270	2450	2400	2400	0	2400
Total Dom. Cons.	2290	2470	2420	2420	0	2420
Ending Stocks	202	134	164	156	0	178
Total Distribution	2604	2716	2734	2676	0	2698
(1000 MT) ,(PERCENT)						

Soybean Meal Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Meal, Soybean		
Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2013		**2014**
U.S.	189	U.S.	1
Others		Others	
Brazil	928	Brazil	970
India	184	India	45
Argentina	114	Argentina	600
China	390	China	101
Total for Others	1616		1616
Others not Listed	4		19
Grand Total	1809		1736

Source: Korea Customs Service (KCS)

Rapeseed Meal PS&D

Meal, Rapeseed	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Oct 2014**		**Oct 2015**		**Oct 2016**	
Korea, Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush	4	0	1	0	0	0
Extr. Rate, 999.9999	0.5	0	1	0	0	0
Beginning Stocks	45	45	30	45	0	45
Production	2	0	1	0	0	0
MY Imports	499	520	335	520	0	520
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	546	565	366	565	0	565
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	46	20	46	20	0	20
Food Use Dom. Cons.	0	0	0	0	0	0

Feed Waste Dom. Cons.	470	500	290	500	0	500
Total Dom. Cons.	516	520	336	520	0	520
Ending Stocks	30	45	30	45	0	45
Total Distribution	546	565	366	565	0	565
(1000 MT) ,(PERCENT)						

Rapeseed Meal Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Meal, Rapeseed		
Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2013		**2014**
U.S.	0	U.S.	0
Others		Others	
India	550	India	460
China	5	Japan	37
Total for Others	555		497
Others not Listed	0		2
Grand Total	555		499

Source: Korea Customs Service (KCS)

Table 21

Korea: Soybean Meal Production[1/] (Metric Ton)			
Month	MY 13/14	MY 14/15	MY 15/16
October	55,082	55,781	52,389
November	44,474	52,160	60,778
December	50,662	54,178	62,234
January	63,030	62,656	Na
February	52,366	62,272	Na
March	64,791	63,361	Na
April	54,505	63,291	Na
May	50,146	64,358	Na
June	59,672	64,861	Na
July	53,069	63,180	Na
August	59,180	68,167	Na
September	53,580	62,572	Na
Total	660,557	736,836	Na
Extraction Rate	73.59%	72.42%	Na

Source: Korea Soybean Processing Association
1/ based on crushers' applicable extraction rate

Table 22

Korea: Feed Ingredients Use for Animal (October/September Basis)

Items	MY 2012/2013		MY 2013/2014		MY 2014/2015	
	1,000 MT	Percent	1,000 MT	Percent	1,000 MT	Percent
Total Grains and Grain Substitution	**12,185**	**64.5**	**12,080**	**64.2**	**12,046**	**63.4**
- Wheat	2,710	14.4	1,633	8.7	1,480	7.8
- Corn	6,483	34.3	7,762	41.2	8,035	42.3
- Others	2,992	15.8	2,685	14.3	2,531	13.3
Total Vegetable Protein	**4,623**	**24.5**	**4,674**	**24.8**	**4,867**	**25.6**
- Soybean Meal 1/	1,986	10.5	2,079	11.0	2,272	12.0
- Rapeseed Meal	412	2.2	530	2.8	489	2.6
- Cottonseed Meal	7	0.0	1	0.0	1	0.0
- Palm Kernel Meal	782	4.1	760	4.0	686	3.6
-Copra Meal	602	3.2	399	2.1	403	2.1
-Sesame Meal	23	0.1	23	0.1	33	0.2
-Perilla seed Meal	3	0.0	3	0.0	1	0.0
-Corn Gluten Meal	83	0.4	81	0.4	82	0.4
DDGS	457	2.4	536	2.8	654	3.4
- Others	268	1.4	262	1.4	246	1.3
Total Animal Protein	**182**	**1.0**	**186**	**1.0**	**189**	**1.0**
- Fish meal	22	0.1	18	0.1	18	0.1
-Meat & Bone Meal	20	0.1	22	0.1	24	0.1
-Others	140	0.7	146	0.8	147	0.8
Total Others	**1,893**	**10.0**	**1,898**	**10.1**	**1,895**	**10.0**
TOTAL COMPOUND FEED	**18,883**	**100.0**	**18,838**	**100.0**	**18,997**	**100.0**

Source: Korea Feed Association
1/ include dehullled locally processed soybean meal

Table 23

Korea: Imports of Major Protein Meals

(October/September)

	MY 2012/2013		MY 2013/014		MY 2014/015	
	Volume (MT)	Value (1,000$)	Volume (MT)	Value (1,000$)	Volume (MT)	Value (1,000$)
Soybean Meal	1,633,348	886,912	1,809,231	993,679	1,735,694	834,364
Rapeseed Meal	421,044	142,305	555,307	153,524	499,300	137,364
Fish Meal	36,711	65,223	49,440	81,780	47,933	96,092
Bone Meal	208	326	255	333	279	302
Cottonseed Meal	22,841	9,705	18,296	8,765	12,851	5,940
Sunflower Seed Meal	802	334	1,177	500	1,559	631
Copra Meal	604,925	135,666	410,146	107,136	415,632	81,495
Palm Kernel Meal	817,996	148,975	839,145	159,060	727,855	92,968
Corn Germ Meal	29,304	8,864	20,170	6,189	6,022	1,508
Others	355,664	47,848	516,931	65,856	391,038	52,327
Total	**3,922,843**	**1,446,161**	**4,220,098**	**1,576,822**	**3,838,298**	**1,303,061**
DDGS	467,309	162,913	610,372	195,429	656,307	160,458

Source: Korean Customs Service (KCS)

Table 24

Korea: Soybean Meal Imports for Oct.-Dec. by Origin

(Unit: MT)

MY 2015/16	USA	Brazil	Argentina	India	China	Others	Total
Oct. 2015	803	101,209	68,795	3,142	2,907	1,064	117,920
Nov	196	141,121	45,045	2,250	882	0	189,494
Dec	749	95,119	107,795	3,087	4,634	0	211,384
Subtotal	**1,748**	**337,449**	**221,635**	**8,479**	**8,423**	**1,064**	**578,798**
MY 2014/15 a/	414	384,718	0	7,219	16,069	0	408,417

Source: Korea Customs Service (KCS)
a/ October – December 2014

Table 25

Korea: Soybean Meal Contracts under MY 2015/16 Arrival by Origin (Unit: 1,000 MT, as of January 2016)					
Estimated Time of Arrival	USA	SOAM	India	Optional [1/]	Total
Oct. 2015	0	275	0	0	275
Nov	0	165	0	0	165
Dec	0	55	0	55	110
Jan. 2016	0	149	0	0	149
Feb	0	112	0	55	167
Mar	0	107	0	55	162
Apr	0	110	0	0	110
May	0	110	0	55	165
Jun	0	110	0	55	165
Jul	0	55	0	165	220
Aug.	0	202	0		202
Total	0	**1,450**	0	**440**	**1,890**

Source: Local Traders
1/ optional origin among USA, SOAM or China

Table 26

Korea: Compound Feed Production (October/September, 1,000 MT)			
Animal Type	MY 2013/14	MY 2014/15	MY 2015/16a/
Poultry	5,107	5,551	5,500
Swine	6,015	6,049	6,200
Cattle	6,388	5,978	5,800
Others [b/]	1,314	1,388	1,400
Sub. Total	**18,824**	**18,967**	**18,900**
Aquaculture	107	128	130
Milk Substitute	39	48	50
Grand Total	**18,970**	**19,143**	**19,080**

Source: Korea Feed Association (KFA), Ministry for Agriculture, Food, and Rural Affairs (MAFRA)
a/ FAS/ Seoul forecast
b/ include ducks, pet food, rabbit, horse, sheep, deer, quail etc.

Table 27

Korea: Applied Tariff Schedule for Oil Cake and Meals

(Percent)				
Commodity	H.S. Code	2014	2015	2016
DDGS [a/]	2303.30.0000	3 (0)	3 (0)	3 (0)
Soybean Meal [b/]	2304.00.0000	1.8 (0)	1.8 (0)	1.8 (0)
Peanut Meal	2305.00.0000	5	5	5
Cottonseed Meal [c/]	2306.10.0000	2 (0)	2 (0)	2 (0)
Linseed Meal	2306.20.0000	5	5	5
Sunflower Seed Meal	2306.30.0000	5	5	5
Rapeseed Meal	2306.40.0000	0	0	0
Copra Meal	2306.50.0000	2 (0)	2	2
Palm Kernel Meal	2306.60.0000	2 (0)	2	2
Cottonseed Hull for feed [d/]	2308.00.3000	5 (0)	5 (0)	5 (0)

Source: Korea Customs Service
The figures in parentheses are the autonomous quota tariff rates for CY 2016.
a/ The applied duty is assessed on the unlimited volume of residues of brewing or distilling dregs and waste.
b/ The applied duty is assessed on the first 2.451 million tons of soybean meal.
c/ The applied duty is assessed on the unlimited volume of cottonseed meal for feed and 15,000 tons for mushroom growing.
d/ The applied duty is assessed on the unlimited volume of cottonseed hull for feed and 15,000 tons for mushroom growing.

Commodities:

Oil, Soybean

Oil, Palm

Production:

As CJ Corporation, a leading Korean soybean crusher, returned to soybean crushing from canola seed crushing in the second half of 2013. Due to narrow canola processing margin, MY 2014/15 soybean oil production reached 195,300 MT, up 13 percent over the previous marketing year. Current MY 2015/16 soybean oil production is expected to remain stable at 190,000 MT, a similar level from the previous marketing year unless crushing margins between soybeans and rapeseed are overturned in its flexible crushing facilities. MY2016/17 soybean oil production is forecast to follow the current marketing year.

Consumption:

Soybean oil and palm oil accounted for 73 percent of the country’s total oils supply in MY 2014/15. The majority of soybean oil is consumed in the HRI sector and home, and more recently in the biodiesel sector. Food processors and restaurants rely heavily on imported soybean oil while locally processed soybean oil is generally for home use. Palm oil is primarily used for food processing, especially ramen (instant noodle) production, since it is more functional and cheaper than soybean oil. Palm oil has been increasingly used in local biodiesel production.

Soybean oil consumption in MY 2016/17 is forecast at 470,000 MT, unchanged from the current marketing year’s estimate because of stagnant demand for bio-diesel production as it is less cost effective than palm oil. Meanwhile, palm oil consumption during this period is forecast at 450,000 MT, unchanged from the current marketing year because of stagnant demand from the bio-diesel sector.

Trade:

The biodiesel sector has been the main driver behind rising edible oil imports since MY 2007/08. MY 2016/17 soybean oil imports are forecast at 300,000 MT, unchanged from the current marketing year's estimate due to limited demand for biodiesel caused by comparatively cheaper palm oil. In MY 2015/16, soybean oil imports are stagnant at 300,000 MT, slightly increasing from the previous year. Soybean oil imported from South America, particularly Argentina, is much more price-competitive than domestically-produced soybean oil made from imported soybeans.

In MY 2016/17, palm oil imports are forecast to increase to 480,000 MT, mainly due to rising demand from the biodiesel industry as Korean government plans to implement revised regulations to raise the mandatory inclusion rate to 2.5 percent from current 2 percent in the second half of 2016. Palm oil imports for biodiesel are expected to reach 270,000 MT, up 13 percent from the current marketing year estimate as it's more competitively-priced than other oil-based feed stocks. Palm oil imports for use in the local soap industry are expected to remain steady at 20,000 MT. In MY 2015/16, palm oil imports are expected to increase to 450,000 MT to meet constant demand for biodiesel purpose than the previous year.

Palm oil has been imported duty free under Korea-ASEAN FTA since June 2007.

Under the KORUS FTA effective since March 15, 2012, Korea's 5.4 percent duty on imports of crude soybean oil is scheduled to be phased out in 10 equal annual reductions, while the 5.4 percent on refined soybean oil will be phased out in five equal annual reductions. Therefore U.S. refined soybean oil is importable at duty free in CY 2016. Korea also eliminated the import duty on palm oil immediately under the KORUS FTA.

Production, Supply and Demand Data Statistics:

Soybean Oil PS&D

Oil, Soybean	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Oct 2014**		**Oct 2015**		**Oct 2016**	
Korea, Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush	850	1017	925	1000	0	1000
Extr. Rate, 999.9999	0.1788	0.1917	0.1773	0.19	0	0.19
Beginning Stocks	49	49	19	47	0	57
Production	152	195	164	190	0	190
MY Imports	257	257	300	300	0	300
MY Imp. from U.S.	40	50	40	50	0	50
MY Imp. from EU	0	0	0	0	0	0
Total Supply	458	501	483	537	0	547
MY Exports	4	4	5	20	0	20
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	40	40	40	40	0	40
Food Use Dom. Cons.	395	410	415	420	0	430
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	435	450	455	460	0	470
Ending Stocks	19	47	23	57	0	57
Total Distribution	458	501	483	537	0	547
(1000 MT) ,(PERCENT)						

Soybean Oil Import Trade Matrix

Import Trade Matrix		
Country	Korea, Republic of	
Commodity	Oil, Soybean	

Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2013		**2014**
U.S.	0	U.S.	50
Others		Others	
Argentina	200	Argentina	117
Brazil	6	Brazil	0
Vietnam	63	Vietnam	76
Thailand	7	Thailand	7
Total for Others	276		200
Others not Listed	2		7
Grand Total	278		257

Source: Korea Customs Service (KCS)

Palm Oil PS&D

Oil, Palm	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Oct 2014**		**Oct 2015**		**Oct 2016**	
Korea, Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	44	44	44	49	0	49
Production	0	0	0	0	0	0
MY Imports	445	445	450	450	0	480
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	489	489	494	499	0	529
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	210	230	230	240	0	270
Food Use Dom. Cons.	235	210	220	210	0	210
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	445	440	450	450	0	480
Ending Stocks	44	49	44	49	0	49
Total Distribution	489	489	494	499	0	529
(1000 HA) ,(1000 TREES) ,(1000 MT)						

Palm Oil Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Oil, Palm		

Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2013		**2014**
U.S.	0	U.S.	0
Others		Others	
Malaysia	255	Malaysia	315
Indonesia	144	Indonesia	123
Total for Others	399		438
Others not Listed	4		7
Grand Total	403		445

Source: Korea Customs Service (KCS)

Table 28

Korea: Domestic Production of Vegetable Oils[1/] (Metric Ton)			
Commodities	MY 2012/13	MY 2013/14	MY 2014/15
Soybean Oil	150,000	173,100	195,300
Corn Oil	41,132	45,558	47,443
Sesame Oil	21,404	22,988	23,404
Rice Bran Oil	10,000	10,000	10,000
Rapeseed Oil	26,937	436	1,523
Perilla Seed Oil	22,490	23,349	27,994
Total	271,963	275,431	305,664

Source: Foreign Agriculture Service, Seoul, Korea
1/ FAS/Seoul estimates

Table 29

Korea: Soybean Oil Production (Metric Ton)			
Month	MY 13/14	MY 14/15	MY 15/16
October	14,300	15,000	14,100
November	11,500	14,000	16,700
December	13,300	14,500	16,700
January	16,000	16,600	Na
February	13,000	15,300	Na
March	17,000	15,800	Na
April	15,000	16,600	Na
May	13,500	17,400	Na
June	15,500	17,800	Na
July	13,800	17,300	Na
August	15,900	18,000	Na
September	14,300	17,000	Na

Total	173,100	195,300	Na
Extraction Rate	19.28%	19.20%	Na

Source: Korea Soybean Processing Association (KSPA)

Table 30

Korea: Total Supply of Edible Oils (Metric Ton)			
Commodity	MY 2012/13	MY 2013/14	MY 2014/15
Soybean Oil	450,463	451,194	452,770
Palm Oil	346,614	402,553	445,071
Corn Oil	42,119	47,928	51,026
Rapeseed Oil	103,272	88,350	102,915
Coconut Oil	62,387	58,217	50,432
Olive Oil	9,728	14,536	13,326
Cottonseed Oil	3,037	506	245
Sesame Oil	21,864	23,465	23,710
Rice Bran Oil	21,282	23,912	23,755
Perilla Seed Oil	23,437	24,248	29,009
Fish Oil	9,923	10,085	8,363
Sunflower Oil	18,699	20,880	25,207
Total	1,112,825	1,165,874	1,225,829

Source: Foreign Agriculture Service, Seoul, Korea

Table 31

Korea: Fats and Oils Imports (MT & US$1,000, Oct/Sep)						
Commodity	MY 2012/13		MY 2013/14		MY 2014/15	
	Volume	Value	Volume	Value	Volume	Value
Palm Oil	346,614	292,333	402,553	340,786	445,072	299,371
Tallow	24,013	23,241	10,483	10,140	22,971	16,055
Lard	486	471	0	0	93	79
Coconut Oil	61,801	58,814	57,858	73,628	49,852	63,463
Cottonseed Oil	3,037	2,739	506	677	245	380
Fish Oil	8,923	20,436	9,085	19,420	7,363	13,705
Soy Oil	300,463	353,753	278,144	272,191	257,472	220,071
Corn Oil	987	1,072	2,370	2,341	3,583	3,255
Rapeseed Oil	76,355	99,762	87,914	90,445	101,392	89,916
Palm Kernel Oil	7,195	7,310	8,910	12,005	9,346	10,604
Rice Bran Oil	11,282	18,241	13,912	20,687	13,755	20,114
Castor Oil	6,659	10,595	7,318	11,356	7,420	11,096
Linseed Oil	6,048	9,710	6,354	8,814	6,197	9,756
Sunflower Oil	18,699	31,675	20,880	31,186	25,207	33,727
Safflower Oil	20	81	33	137	103	347
Olive Oil	9,728	39,799	14,536	56,799	13,326	55,952
Jojoba Oil	47	1,348	46	1,079	39	879
Peanut Oil	13	111	19	120	26	129
Sesame Oil	460	2,172	477	2,653	306	1,503

Perilla Oil	947	2,582	899	3,700	1,015	4,188
Camellia Oil	18	294	26	393	37	664
Babassu Oil	4	51	9	119	8	73
Other Oil	13,924	25,137	10,010	47,075	13,472	45,492
Total	897,723	1,001,727	932,342	1,005,751	978,297	900,818

Source: Korea Customs Service (KCS)

Table 32

Korea: Soybean Oil Imports for Oct.-Dec. by Origin (Unit: MT)						
MY 2015/16	USA	Argentina	Brazil	Vietnam	Others	Total
Oct. 2015	58	17,049	0	3,665	286	21,058
Nov	38	12,744	0	0	990	13,772
Dec	1,092	16,433	0	2,302	3,417	23,244
Subtotal	**1,188**	**46,226**	**0**	**5,967**	**4,693**	**58,074**
MY2014/15 a/	13,218	40,849	783	11,307	494	66,651

Source: Korea Customs Service (KCS)
a/ October – December 2014

Table 33

Korea: Applied Tariff Schedule For Fats And Oils (Percent)				
Commodity	H.S. Code	General Rate	2015	2016
Lard	1501.00.10xx	3	3	3
Beef Tallow	1502.00.10xx	2	2	2
Other Tallow	1502.00.90xx	3	3	3
Fish Oil	1504.xx.xxxx	3	3	3
Soybean Oil for Food, Crude	1507.10.1000	5	5	5
Soybean Oil For Biodiesel, Crude	1507.10.2000	5	5	5
Soybean Oil for Other, Crude	1507.10.9000	5	5	5
Soybean Oil for Food, Refined	1507.90.1010	5	5	5
Soybean Oil For Biodiesel, Refined	1507.90.1020	5	5	5
Soybean Oil for Other, Refined	1507.90.1090	5	5	5
Soybean Oil, Other	1507.90.9000	5	8	8
Peanut Oil	1508.xx.xxxx	27	27	27
Olive Oil	1509.xx.xxxx	5	5	5
Palm Crude Oil	1511.10.0000	3	3	3
Palm Oil	1511.90.xxxx	2	2	2
Sunflower Oil	1512.1x.xxxx	5	5	5
Safflower Oil	1512.1x.xxxx	5	5	5
Cotton Seed Oil	1512.2x.xxxx	5	5	5
Coconut Oil	1513.1x.xxxx	3	3	3
Palm Kernel Oil	1513.2x.xxxx	8	8	8
Rapeseed Oil, Crude	1514.11.0000	5	5	5
Rapeseed Oil, Refined	1514.19.xxxx	5	5	5
Rapeseed Oil, Other, Crude	1514.91.1000	5	5	5
Linseed Oil	1515.1x.xxxx	5	5	5
Corn Oil	1515.2x.xxxx	5	5	5
Castor Oil	1515.30.xxxx	5	8	8

Tung Oil	1515.90.9040	8	8	8
Sesame Oil [1/]	1515.50.0000	40	40	40
Perilla Seed Oil	1515.90.1000	36	36	36
Rice Bran Oil	1515.90.9010	5	5	5
Other, Crude	1515.90.9090	5	5	5

Source: Korea Customs Research Institute, Tariff Schedules for Korea

1/ In-Quota tariff rate under the WTO TRQ. Quota is 668 tons. The out-of-quota tariff rate is 630 percent or 12,060 Won/Kg, whichever is greater.