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**Report Highlights:**

Market Year (MY) 2020/21 Korean compound feed production is forecast to reach a record volume of around 21.2 MMT in MY 2020/21, based on strong growth in swine and poultry inventories. MY 2020/21 total corn imports are forecast to increase to 11.5 MMT, up 100,000 MT from the estimate for the current marketing year, consisting of 9.1 MMT of corn for compound feed, and 2.4 MMT of processing corn for food processing. Based on the average U.S. market share in corn in Korea over the previous five years, MY 2020/21 imports of U.S. corn are forecast to stay around 5 MMT. MY 2020/21 rice production is forecast at 3.75 million metric tons (MMT), essentially unchanged from 3.74 MMT in the previous marketing year. MY 2020/21 rice imports are forecast at 410,000 MT (milled basis). Korea is expected to purchase 408,700 tons (milled basis) of rice under the 2020 TRQ, which has been allocated to five countries as part of the rice tariffication agreement concluded at the end of 2019.

## Commodities:

Wheat

## Production:

MY 2020/21 wheat production is forecast at about 14,000 tons due to agronomic challenges and a lack of demand for locally grown wheat, almost unchanged from the current marketing year's estimate, which is based on a five-year average yield. The estimate for MY 2019/20 wheat production is expected to fall to 13,000 MT with wheat area reduced by the lack of demand for local wheat coupled with poor yield caused by frequent rains during the growing season. The Korean government is not expected to release official numbers until the end of June 2020. Meanwhile, the Korean government released the Presidential and Ministerial Decree 'Fostering Act for Korean Wheat Industry', effective February 28, 2020, to support domestic wheat production and consumption. The Act will allow the Korean government to provide packaged support to the domestic wheat industries, including R&D, government purchasing programs, breeding, marketing, etc. The Act will be amended every five years.

Table 1

Korea: Wheat Production			
Crop Year	Harvested Area (Hectare)	Yield (MT/ha)	Production (MT)
2009	5,067	5.15	26,087
2010	12,548	3.12	39,116
2011	13,044	3.35	43,677
2012	9,467	3.91	37,014
2013	7,373	3.68	27,130
2014	7,180	3.26	23,409
2015	10,076	2.62	26,433
2016	10,440	3.71	38,705
2017	9,283	4.03	37,425
2018	6,600	3.91	25,788
2019a/	3,736	3.51	13,000
2020b/	4,000	3.50	14,000

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA), Statistics Korea (KOSTAT)

a/ FAS Seoul production forecast based on five-year average yield and official acreage as released by KOSTAT

b/ FAS Seoul forecast

## Consumption:

MY 2020/21 wheat consumption is forecast at 3.6 million metric tons (MMT), an increase of 100,000 metric tons (MT) from estimated consumption in the current marketing year. Wheat flour consumption is projected to remain stagnant due to saturated market demand, while feed wheat consumption will be increasing from the current marketing year due to an increase of animal inventories (Table 2).

In MY 2019/20, wheat consumption is expected to decline to 3.5 MMT, down two percent from the previous marketing year due mainly to lower demand for imported feed-grade wheat, which had higher

prices than corn during the marketing year based on price at estimated time of arrival (Table 8 & 25). Milling wheat consumption is expected to stay around 2.3 MMT.

Table 2

<b>Korea: Post Estimates of Wheat Use</b>				
<b>(1,000 MT, July/June)</b>				
Marketing Year	2017/18	2018/19	2019/20 <sup>c</sup>	2020/21 <sup>c</sup>
Imported Milling Wheat <sup>1/</sup>	2,246	2,232	2,250	2,280
Imported Milling Wheat <sup>2/</sup>	200	200	200	200
Flour Imports <sup>a/</sup>	29	25	20	20
Flour Exports <sup>a/</sup>	55	57	60	60
Pasta Imports <sup>a/</sup>	155	160	164	170
Pasta Exports <sup>a/</sup>	237	235	270	300
Local Wheat	37	26	13	14
<b>FSI Consumption <sup>b/</sup></b>	<b>2,375</b>	<b>2,351</b>	<b>2,317</b>	<b>2,324</b>
Feed Wheat	1,612	1,226	1,200	1,300
<b>Total Consumption <sup>b/</sup></b>	<b>3,987</b>	<b>3,577</b>	<b>3,517</b>	<b>3,624</b>

Source: Korea Feed Association (KFA), Korea Flour Millers Industry Association (KOFMIA) and Korea Customs Service (KCS)

1/ KOFMIA members

2/ Non- KOFMIA member

a/ Wheat basis

b/ Includes local wheat and flour and pasta imports, but subtracts flour and pasta exports

c/ FAS Seoul forecast

Table 3

<b>Korea: Monthly Wheat Use</b>						
<b>(1,000 MT)</b>						
Month	Feed Wheat			Milling Wheat <sup>a/</sup>		
	MY 2017/18	MY 2018/19	MY 2019/20	MY 2017/18	MY 2018/19	MY 2019/20
July	136	122	99	178	181	192
August	136	119	97	188	179	187
September	142	106	95	201	158	166
October	140	120	113	160	189	185
November	151	118	111	184	183	182
December	148	108	107	182	174	188
January	138	103	105	198	203	185
<b>Sub Total</b>	<b>991</b>	<b>796</b>	<b>727</b>	<b>1,291</b>	<b>1,267</b>	<b>1,285</b>
February	110	82	na	167	152	na
March	123	80	na	199	176	na
April	122	84	na	173	176	na
May	135	92	na	180	183	na
June	131	92	na	177	178	na
<b>Total</b>	<b>1,612</b>	<b>1,226</b>	<b>na</b>	<b>2,186</b>	<b>2,132</b>	<b>na</b>

Source: KFA and KOFMIA

a/ Includes wheat flour exports, but excludes the portion used in soy-sauce production (about 50,000 MT or so)

Table 4

<b>Korea: Wheat Flour Utilization</b>						
<b>(1,000 MT)</b>						
Calendar Year	2014	2015	2016	2017	2018	2019
Total Consumption <sup>1/</sup>	1,660	1,706	1,701	1,739	1,745	1,770
Per Capita (kg/Year) <sup>2/</sup>	32.9	33.7	33.2	33.8	33.8	34.2

Source: Korea Flour Mills Industrial Association (KOFMIA)

<sup>1/</sup> Based on flour millers' sales including exports, imports and animal feed use, on a wheat flour production basis and excluding animal feed and exports.

<sup>2/</sup> Excludes animal feed and exports from total consumption, including imports of wheat flour

### Trade:

MY 2020/21 wheat imports are forecast at 4.0 MMT, of which 2.6 MMT is expected to be used for milling (including flour and pasta imports on a wheat equivalent basis) and 1.3 MMT is expected to be used for animal feed. This import estimate hinges to a large extent on the continued availability of competitively priced feed wheat, with demand for milling wheat remaining steady.

MY 2019/20 wheat imports are expected to stay around 3.9 MMT, a number that includes flour and pasta imports on a wheat equivalent basis, almost unchanged from the previous marketing year. During the first seven months of the current marketing year, imports for feed wheat were 6 percent lower than the previous year (Table 6) and pending feed-grade wheat contracts for the remaining five months are also lower than last year (Table 8). In the first seven months of MY 2019/20, Ukraine has been the largest supplier of feed-grade wheat, followed by Bulgaria and Romania. Meanwhile, milling wheat imports are expected to be at the same level as the previous year to meet constant demand.

Imports of U.S. wheat in MY 2019/20 are expected to be close to 1.3 MMT, slightly lower than the previous year due to lower exports of feed grade wheat from the United States.

Table 5

<b>Korea: Wheat Imports</b>					
<b>(1,000 MT, Customs Cleared Basis)</b>					
Marketing Year (July/June)	Feed Wheat	Milling Wheat	Flour Imports <sup>1/</sup>	Pasta Import <sup>1/</sup>	Total
08/09	1,151	2,058	69	105	3,383
09/10	2,164	2,071	127	119	4,481
10/11	2,075	2,520	63	123	4,781
11/12	2,868	2,169	42	122	5,201
12/13	2,820	2,461	39	135	5,455
13/14	1,948	2,181	30	150	4,309
14/15	1,391	2,370	44	143	3,948
15/16	1,812	2,416	50	142	4,420
16/17	2,174	2,313	33	147	4,667
17/18	1,557	2,526	29	155	4,267
18/19	1,225	2,500	25	160	3,910
19/20 <sup>2/</sup>	1,200	2,500	20	164	3,884
20/21 <sup>2/</sup>	1,300	2,500	20	170	3,990

Source: Korea Customs Service  
 1/ Wheat basis  
 2/ FAS Seoul forecast

Table 6

<b>Korea: Monthly Wheat Imports</b> (1,000 MT)						
Month	Feed Wheat			Milling Wheat		
	MY 2017/18	MY 2018/19	MY 2019/20	MY 2017/18	MY 2018/19	MY 2019/20
July	113	110	94	269	254	213
August	30	95	61	297	106	160
September	243	79	79	183	215	233
October	109	185	217	163	260	144
November	142	156	115	179	159	206
December	186	102	128	176	148	239
January	114	106	88	256	294	209
<b>Sub Total</b>	<b>937</b>	<b>833</b>	<b>782</b>	<b>1523</b>	<b>1436</b>	<b>1404</b>
February	119	34	na	228	144	na
March	117	65	na	194	228	na
April	135	146	na	171	276	na
May	118	56	na	150	187	na
June	131	91	na	260	229	na
<b>Total</b>	<b>1,557</b>	<b>1,225</b>	<b>na</b>	<b>2,526</b>	<b>2,500</b>	<b>na</b>

Source: Korea Customs Service

Note: exclude wheat flour and products

Table 7

<b>Korea: MY 2019/20 Monthly Wheat Imports by Origin</b> (1,000 MT, based on Customs Clearance)						
Country	U. S.	Australia	Canada	Ukraine	Other	Total
<b>Milling Wheat</b>						
July 2019	127	80	7	0	0	213
August	67	72	20	0	0	160
September	105	102	25	0	0	233
October	91	52	0	0	0	144
November	68	127	10	0	0	206
December	98	101	40	0	1	239
January 2020	131	66	12	0	0	209
<b>Total(Jul-Jan) 2019/20</b>	<b>688</b>	<b>601</b>	<b>114</b>	<b>0</b>	<b>1</b>	<b>1,404</b>
Total(Jul-Jan) 2018/19	732	583	118	0	3	1,436
<b>Feed Wheat</b>						
July 2019	0	0	51	25	18	94
August	0	0	16	16	29	61
September	0	0	1	65	12	79
October	1	0	1	86	129	217
November	1	0	0	48	67	115

December	0	0	0	38	91	128
January 2020	0	0	0	28	60	88
<b>Total(Jul-Jan) 2019/20</b>	<b>2</b>	<b>0</b>	<b>69</b>	<b>305</b>	<b>406<sup>a/</sup></b>	<b>782</b>
Total(Jul-Jan) 2018/19	68	0	0	517	248 <sup>b/</sup>	833
<b>Total Wheat</b>						
July 2019	127	80	58	25	18	307
August	67	72	36	16	29	220
September	105	102	26	65	12	311
October	92	52	1	86	129	361
November	69	127	10	48	67	322
December	98	101	40	38	92	368
January 2020	131	66	12	28	60	298
<b>Total(Jul-Jan) 2019/20</b>	<b>690</b>	<b>601</b>	<b>184</b>	<b>305</b>	<b>407</b>	<b>2,187</b>
Total(Jul-Jan) 2018/19	800	583	118	517	248	2,269

Source: Korea Customs Service

a/ Bulgaria (226,732MT) and Romania (179,173MT)

b/ Russia (247,562MT)

Table 8

<b>Korea: MY 2019/20 Feed Wheat Contracts</b> by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of March 2020)		
ETA	Quantity	Price (US\$/MT) <sup>1/</sup>
Jul. 2019	0	0
Aug.	0	0
Sep.	190	211.81
Oct.	253	211.72
Nov.	250	211.25
Dec.	0	0
Jan. 2020	0	0
Feb.	0	0
Mar.	125	229.10
Apr.	0	
May	60	239.00
Jun	0	0
<b>Total</b>	<b>878</b>	

Source: Local Grain Traders

1/ CNF on Weighted Average

### Tariffs

In late December 2019, the Ministry of Strategy and Finance (MOSF) released the adjusted tariffs and tariff rate quotas (TRQs) for 2019. MOSF continued to exclude milling wheat from the 2020 list of autonomous TRQs, leaving all milling wheat to be charged the out-of-quota duty rate that remains fixed at 1.8 percent. By comparison, the feed wheat TRQ and its corresponding duty were eliminated in 2007. However, the import duty on all U.S. wheat, both milling and feed wheat, is zero under the KORUS Free Trade Agreement (FTA).

In 2020, the general tariff rate on flour is 4.2 percent. However, under the KORUS FTA, import tariffs for U.S. wheat flour (H.S. 1101.00.1000) were phased out over a five-year period, reaching zero in 2016. Tariffs for meslin flour (H.S. 1101.00.2000), a mixture of rye and wheat flour, immediately fell to zero in 2012.

Table 9

<b>Korea: Wheat Import Tariff Rates for CY 2020</b>					
<b>(Percent)</b>					
Commodity		Applied Tariff Rate		Bound Tariff Rate	
		2019	2020	2019	2020
Durum Wheat, Seed	1001.11.0000	3		9.0	
Durum Wheat, Other	1001.19.0000	3		9.0	
Seed, Meslins	1001.91.1000	3		9.0	
Seed, Other	1001.91.9000	1.8		1.8	
Feeding, Meslins	1001.99.1010	3		9.0	
Feeding, Other	1001.99.1090	0		1.8	
Milling, Meslins	1001.99.2010	3		9.0	
Milling, Other <sup>1/</sup>	1001.99.2090	1.8		1.8	
Others, Meslins	1001.99.9010	3		9.0	
Others, Other <sup>1/</sup>	1001.99.9090	1.8		1.8	

Source: Korea Customs Service (KCS)

1/ The number in parenthesis is the in-quota tariff rate.

#### Flour Trade:

Based on import statistics of the first seven months of the year, MY 2019/20 flour imports are expected to decrease to close to 20,000 MT (wheat equivalent), matching declining demand from small-sized restaurants and noodle manufacturers, traditionally the most loyal users of cheaply priced flour. Pasta imports are expected to be more than 164,000 MT (wheat equivalent) based on strong imports for the first seven months of the marketing year. Annual flour exports are expected to be approximately 60,000 MT (wheat equivalent), while pasta exports could sharply increase to about 270,000 MT (wheat equivalent) for the year, based on flour trade for the first seven months. Korea exports pasta mostly to China, the United States, and Japan. The situation is unlikely to change in MY 2020/21.

Table 10

<b>Korea: Wheat Flour Imports</b>						
<b>(H.S.: 1101)</b>						
<b>(Metric Ton, July/June)</b>						
Country	MY2014	MY2015	MY2016	MY2017	MY2018	MY2019b/
U.S.A.	793	567	352	382	362	340
Total	32,207	36,816	24,395	20,735	18,042	14,000
Wheat Basis <sup>a/</sup>	44,059	50,364	33,372	28,365	24,681	20,000

Source: Korea Customs Service (KCS)

a/ applied converting factor: 1.368

b/Year-round based on the first seven months (July 2019-January 2020)

Table 11

<b>Korea: Pasta Imports</b> (H.S.: 190219, 190230, 190240) (Metric Ton, July/June)				
Country	MY2016	MY2017	MY2018	MY2019b/
USA	450	449	492	394
<b>Total</b>	107,357	113,631	116,638	120,000
<b>Wheat Basis</b> <sup>a/</sup>	146,864	155,447	159,561	164,000

Source: Korea Customs Service (KCS)

a/ applied converting factor: 1.368

b/Year-round based on the first seven months (July 2019-January 2020)

Table 12

<b>Korea: Wheat Flour Exports</b> (H.S.: 1101) (Metric Ton, July/June)						
Country	MY2014	MY2015	MY2016	MY2017	MY2018	MY2019b/
USA	4,849	5,328	5,494	5,806	6,416	6,979
<b>Total</b>	20,629	21,699	26,958	40,366	42,015	43,482
<b>Wheat Basis</b> <sup>a/</sup>	28,220	29,684	36,879	55,221	57,477	59,484

Source: Korea Customs Service (KCS)

a/ applied converting factor: 1.368

b/Year-round based on the first seven months (July 2019-January 2020)

Table 13

<b>Korea: Pasta Exports</b> (H.S.: 190219, 190230, 190240) (Metric Ton, July/June)				
Country	MY2016	MY2017	MY2018	MY2019b/
USA	26,162	28,687	30,555	32,542
<b>Total</b>	145,858	173,310	171,719	196,349
<b>Wheat Basis</b> <sup>a/</sup>	199,534	237,088	234,912	268,606

Source: Korea Customs Service (KCS)

a/ applied converting factor: 1.368

b/Year-round based on the first seven months (July 2019-January 2020)

## Production, Supply and Distribution Data Statistics:

### Wheat PS&D

Wheat Market Begin Year Korea, Republic of	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7	7	7	4	0	4
Beginning Stocks	1474	1474	1365	1541	0	1604
Production	26	26	25	13	0	14
MY Imports	3908	3910	4100	3900	0	4000
TY Imports	3908	3910	4100	3900	0	4000
TY Imp. from U.S.	1420	1318	0	1300	0	1300



<b>Total Supply</b>	5408	5410	5490	5454	0	5618
<b>MY Exports</b>	293	292	300	330	0	360
<b>TY Exports</b>	293	292	300	330	0	360
<b>Feed and Residual</b>	1400	1226	1500	1200	0	1300
<b>FSI Consumption</b>	2350	2351	2350	2320	0	2300
<b>Total Consumption</b>	3750	3577	3850	3520	0	3600
<b>Ending Stocks</b>	1365	1541	1340	1604	0	1658
<b>Total Distribution</b>	5408	5410	5490	5454	0	5618
<b>Yield</b>	3.7143	3.7143	3.5714	3.25	0	3.5
(1000 HA) ,(1000 MT) ,(MT/HA)						

Country Korea, Republic of  
Commodity Wheat

Time Period	July/June	Units:	1,000MT
Imports for:	2017		2018
U.S.	1434	U.S.	1316
Others			
Australia	1098	Australia	1062
EU	27	EU	0
Canada	221	Canada	348
Ukraine	939	Ukraine	741
Russia	346	Russia	251
Brazil	16		
Total for Others	2647		2402
Others not Listed	3		7
Grand Total	4084		3725

Note: excludes the import of wheat flour and pasta

Table 14

<b>Korea: Milling Wheat Imports by Variety</b> (Arrival Basis, Calendar Year)							
Origin	Variety	CY 2017		CY 2018		CY 2019	
		Quantity (MT)	%	Quantity (MT)	%	Quantity (MT)	%
United States	No. 1 WW/SW	436,469	19.5	430,790	20.1	439,987	19.2
	No. 1 WW/SW 9.5 max.	0	0	0	0	0	0
	No. 1 WW/SW 8.5 max.	48,483	2.1	37,089	1.7	39,231	1.7
	No. 1 HRW 11.5 min.	205,526	9.2	205,040	9.6	247,534	10.8
	No. 1 DNS 14.0 min.	360,312	16.1	334,913	15.6	349,112	15.2
	No. 2 SRW	4,354	0.2	4,870	0.2	1,913	0.1

	<b>Sub Total</b>	<b>1,055,144</b>	47.1	<b>1,012,711</b>	47.2	<b>1,077,777</b>	47.0
Australia	ASW <sup>a/</sup>	863,240	38.6	740,373	34.5	946,503	41.2
	AH <sup>b/</sup>	128,923	5.7	124,602	5.8	115,944	5.1
	APH <sup>d/</sup>	0	0	0	0	0	0
	APW <sup>e/</sup>	46,519	2.1	140,760	6.6	3,362	0.1
	ANW <sup>c/</sup>	0	0	0	0	10,588	0.5
	<b>Sub Total</b>	<b>1,038,682</b>	46.4	<b>1,005,735</b>	46.9	<b>1,076,397</b>	46.9
Canada	No. 2 CWRS 13.5 min.	137,629	6.2	121,125	5.7	135,465	5.9
	No. 2 CPSR 11.0 min.	0	0	0	0	0	0
	<b>Sub Total</b>	<b>137,629</b>	6.2	<b>121,125</b>	5.7	<b>135,465</b>	5.9
Others	Organic Wheat	7,040	0.3	4,751	0.2	5,295	0.2
	<b>Grand Total</b>	<b>2,238,495</b>	100	<b>2,144,322</b>	100	<b>2,294,934</b>	100

Source: Korea Flour Mills Industrial Association (KOFMIA)

a/ Australian Standard White Wheat

b/ Australian Hard Wheat

c/ Australian Noodle Wheat

d/ Australian Premium Hard

e/ Australian Premium Wheat

## Commodities:

Corn

## Production:

Corn production is minimal in Korea and accounts for less than one percent of total consumption. Planted area for MY 2020/21 is expected to remain steady at around 15,000 hectares, while production is forecast at 75,000 MT based on the preceding five-year average yield.

Statistics Korea (KOSTAT) recently released 2019 data listing planted area at 14,840 hectares, down four percent from 2018. FAS Seoul estimates Korean corn production at about 74,000 MT based on the preceding five-year average yield. The government will release the 2019 official production figures in April 2020.

Table 15

Korea: Corn Production			
Crop Year	Area (ha)	Yield (MT/ha)	Production (MT)
2009	15,326	5.02	76,975
2010	15,528	4.79	74,339
2011	15,823	4.65	73,612
2012	17,001	4.89	83,210
2013	15,905	5.06	80,465
2014	15,839	5.18	82,008
2015	15,356	5.10	78,243
2016	15,183	4.85	73,681
2017	15,074	4.82	72,587
2018	15,472	5.04	78,012
2019a/	14,840	5.00	74,200

2020b/	15,000	5.00	75,000
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Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA), Statistics Korea (KOSTAT)

a/ FAS Seoul production forecast based on five-year average yield and official acreage as released by KOSTAT

b/ FAS Seoul forecast based on five-year average yield and acreage

### Consumption:

MY 2020/21 corn consumption is forecast to increase to 11.5 MMT, up less than one percent from estimated consumption in the current marketing year (MY 2019/20). This number is composed of 9.1 MMT for feed purposes and 2.4 MMT for food, seed, and industrial (FSI) purposes. Feed corn consumption is forecast to increase by 100,000 MT from the estimated current marketing year level, in large part due to an anticipated increase in demand for corn in the compound feed production for swine and poultry. However, food, seed, and industrial (FSI) corn consumption is expected to stay around 2.4 MMT to meet stable demand for high fructose corn syrup (HFCS) and other corn products from Korean food industries.

Corn consumption for MY 2019/20 is expected to reach around 11.4 MMT, up four percent from the previous year due to greater demand for feed corn that will offset a lack of feed wheat supply in tandem with government ending rice use in animal feed in 2020 (refer to Rice section). Total corn consumption consists of 9.0 MMT for feed and 2.4 MMT for food, seed and industrial (FSI) purposes.

MY 2018/19 corn consumption was 10.95 MMT, consisting of 8.6 MMT for animal feed and 2.39 MMT for FSI use, up ten percent from the previous year due to lack of feed wheat supply for animal feed (Table 17).

### Feed

Compound feed production is forecast to reach a record volume of around 21.2 MMT in MY 2020/21, based on strong growth in swine and poultry inventories. Corn will continue to be the major ingredient used in compound feed, accounting for more than 43 percent of total ingredients (9.1 MMT) with feed wheat remaining at 1.3 MMT.

MY 2019/20 compound feed production is expected to grow 1.6 percent to reach around 20.8 MMT from the previous year, driven by higher animal inventories than prior years (Table 20).

### Food

Corn processors use Genetically Engineered (GE) corn, non-biotech Identity Preserved (IP) corn, and conventional corn to produce corn starch, HFCS and corn flour. GE corn imported from the United States and South American countries is used for starch production for industrial purposes such as paper sizing and glue. Non-biotech IP corn imported from the United States and Brazil, and traditional corn imported from Russia, South Africa, Serbia, Bulgaria and Australia have been used for corn starch and corn flour. The perceived public concern about biotech continues to influence imported processing corn decisions, especially corn that is used to manufacture cooking oil and HFCS. Many food processing companies have been reluctant to use ingredients derived from biotech corn. Some food processing companies utilizing corn starch products are sourcing ingredients imported from China, since these items are reportedly derived from non-biotech corn.

Table 16

<b>Korea: Monthly Corn Use</b>
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(1,000 MT)						
Month	Feed Corn			Processing Corn		
	MY 2017/18	MY 2018/19	MY 2019/20	MY 2017/18	MY 2018/19	MY 2019/20
October	589	704	785	185	204	190
November	645	687	745	192	192	190
December	672	699	790	192	197	194
<b>Sub Total</b>	<b>1,906</b>	<b>2,090</b>	<b>2,320</b>	<b>569</b>	<b>593</b>	<b>574</b>
January	693	752	798	200	198	na
February	602	627	na	172	172	na
March	645	698	na	201	197	na
April	626	745	na	189	191	na
May	661	772	na	196	197	na
June	623	709	na	197	195	na
July	596	745	na	198	188	na
August	606	707	na	187	187	na
September	607	711	na	183	178	na
<b>Total</b>	<b>7,564</b>	<b>8,556</b>	na	<b>2,292</b>	<b>2,298</b>	na

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

Table 17

<b>Korea: Total Corn Utilization</b> (October/September, 1,000 MT)				
Marketing Year	Feed	Processing a/	Food b/	Total
2010/11	6,074	2,051	89	8,214
2011/12	5,690	2,036	89	7,815
2012/13	6,483	1,900	98	8,481
2013/14	7,762	2,034	95	9,891
2014/15	8,035	2,118	97	10,250
2015/16	7,841	2,220	93	10,154
2016/17	7,031	2,315	89	9,435
2017/18	7,564	2,292	88	9,944
2018/19	8,556	2,298	93	10,947
2019/20 c/	9,000	2,300	89	11,389
2020/21 d/	9,100	2,300	90	11,490

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 estimate based on actual consumption for the first four months

d/ FAS Seoul forecast

Table 18

<b>Korea: Monthly Processing Corn Use</b> (MT)
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Month	MY 2018/19			MY 2019/20		
	Wet Milling	Dry Milling	Total	Wet Milling	Dry Milling	Total
October	197,563	6,543	204,106	183,973	5,905	189,878
November	186,060	6,181	192,211	184,181	5,804	189,985
December	191,439	5,991	197,430	187,664	6,131	193,795
<b>Subtotal</b>	<b>575,062</b>	<b>18,715</b>	<b>593,747</b>	<b>555,818</b>	<b>17,840</b>	<b>573,658</b>
January	191,386	6,541	197,927	na	na	na
February	166,615	5,139	171,754	na	na	na
March	191,695	5,712	197,407	na	na	na
April	185,186	5,976	191,162	na	na	na
May	190,948	6,469	197,417	na	na	na
June	189,698	5,446	195,144	na	na	na
July	182,860	5,451	188,311	na	na	na
August	181,185	5,329	186,514	na	na	na
September	172,767	5,477	178,244	na	na	na
<b>Total</b>	<b>2,227,372</b>	<b>70,255</b>	<b>2,297,627</b>	na	na	na

Source: Korea Corn Processing Industry Association (KOCPIA)

Table 19

<b>Korea: Feed Ingredients Use for Compound Feed Production</b>				
(October/September, 1,000 MT)				
Items	MY 2017/18	MY 2018/19	MY 2019/20 <sup>a/</sup>	MY 2020/21 <sup>a/</sup>
Sub-Total Grains and Grain Substitutes	12,474	12,976	13,300	13,600
- Wheat	1,546	1,168	1,200	1,300
- Corn	7,564	8,557	9,000	9,100
- Rice (brown)	702	568	100	0
- Other Grains and Grain Substitute <sup>b/</sup>	2,662	2,683	3,000	3,200
Others <sup>c/</sup>	7,117	7,496	7,500	7,600
<b>Grand Total</b>	<b>19,591</b>	<b>20,472</b>	<b>20,800</b>	<b>21,200</b>

Source: Korea Feed Association (KFA)

a/ FAS Seoul forecast

b/ includes Tapioca, brans and gluten feed.

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

Table 20

<b>Korea: Compound Feed Production by Species Use</b>				
(October/September, 1,000 MT)				
Species	MY 2017/18	MY 2018/19	MY 2019/20 <sup>a/</sup>	MY 2020/21 <sup>a/</sup>
Poultry	5,906	6,159	6,300	6,400
Swine	6,461	6,784	6,800	7,000
Cattle	5,719	5,961	6,200	6,300
Others <sup>c/</sup>	1,456	1,511	1,500	1,500
<b>Sub Total</b>	<b>19,542</b>	<b>20,415</b>	<b>20,800</b>	<b>21,200</b>
Aquaculture	152	161	150	150
Milk Substitute	52	49	50	50

<b>Grand Total</b>	<b>19,746</b>	<b>20,625</b>	<b>21,000</b>	<b>21,400</b>
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Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA)

a/ FAS/Seoul forecast

b/ Include ducks, rabbit, horse, sheep, deer, quail etc.

Table 21

<b>Korea: Compound Feed Production Comparison by Species</b>			
for the First Four Months			
(October/January, 1,000 MT)			
Species	MY 2018/19	MY 2019/20	Change (percent)
Poultry	2,023	2,062	+1.9
Swine	2,396	2,474	+3.3
Cattle	2,102	2,100	-0.1
Others	525	518	-1.3
Total	7,046	7,154	+1.5

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA)

### Trade:

With the expected increases in swine and poultry inventories, MY 2020/21 total corn imports are forecast to increase to 11.5 MMT, up 100,000 MT from the estimate for the current marketing year, consisting of 9.1 MMT of feed corn for compound feed, and 2.4 MMT of processing corn for food processing.

Based on the average U.S. market share in corn in Korea over the previous five years, MY 2020/21 imports of U.S. corn are forecast to stay around 5 MMT, or about 43 percent of total Korean corn imports. This number is similar to the estimated Olympic average 40 percent U.S. market share of total Korean corn imports over the last five years.

Total corn imports for the current 2019/20 marketing year are expected to reach 11.4 MMT, up five percent from the previous year, in order to meet a greater demand for feed corn that offsets a limited supply of feed wheat coupled with ending the use of rice for animal feed by the government. U.S. market share this marketing year will decline to less than 30 percent of total corn imports, given that there was a less than one percent share of U.S. corn in total corn imports for the first four months of the marketing year due to competition from lower priced South American corn. Local traders also expect the U.S. corn market share to be less than 30 percent of total corn supply due to lower price competitiveness to date (Table 23) as well as considering the current status of corn contracts at seller's option for actual delivery (Table 25).

As of February 2020, importers had contracted more than seven MMT of corn for October 2019 through June 2020 on arrival basis. Importers are continuing to make contracts for arrival in July and onward to September 2020. Most corn contracts are optional origin at seller's discretion from South American countries, Eastern Europe/Black Sea, or the United States with a price range of USD 191-214 per metric ton CNF. Conventional corn for processing is contracted from Eastern Europe with a price range of USD 201-222 per metric ton, CNF. Most recent buying contracts were priced in the range of USD 209-

212 per ton for feed corn with delivery for May and June and USD 220-222 for processing corn with delivery in May and June 2020, CNF (Table 25).

Table 22

<b>Korea: Corn Imports</b> (October/September, 1,000 MT, Customs Cleared Basis)							
Marketing Year	From World			From the U. S.			U. S. Share
	Feed	Processing	Total	Feed	Processing	Total	%
09/10	6,457	2,003	8,460	6,097	1,407	7,504	89
10/11	6,060	2,047	8,107	5,183	1,133	6,316	78
11/12	5,600	2,035	7,635	3,450	307	3,757	49
12/13	6,230	1,944	8,174	341	115	456	6
13/14	8,319	2,086	10,405	3,769	842	4,611	44
14/15	8,055	2,112	10,167	3,495	527	4,022	40
15/16	7,833	2,289	10,122	2,387	522	2,909	29
16/17	6,912	2,308	9,220	4,988	973	5,961	65
17/18	7,680	2,326	10,006	4,453	717	5,170	52
18/19	8,519	2,326	10,845	3,519	895	4,414	41
19/20 <sup>a/</sup>	9,000	2,400	11,400	2,500	500	3,000	26
20/21 <sup>a/</sup>	9,100	2,400	11,500	4,000	1,000	5,000	43

Source: Korea Customs Service, Trade Data Monitor LLC

a/ FAS/Seoul forecast

Table 23

<b>Korea: MY 2019/20 Monthly Corn Imports by Origin</b> (1,000 MT, based on Customs Clearance)						
Country	U. S.	Argentina	Brazil	Russia	Others	Total
Feed Corn						
October 2019	1	262	539	1	68	871
November	2	260	416	1	89	768
December	1	398	362	5	168	934
January 2020	2	284	302	6	165	759
<b>2019/20 (Oct-Jan)</b>	<b>6</b>	<b>1,204</b>	<b>1,619</b>	<b>13</b>	<b>490</b>	<b>3,332</b>
2018/19 (Oct-Jan)	1,870	465	419	2	187	2,944
Processing Corn						
October 2019	5	0	94	0	76	175
November	0	0	40	0	87	127
December	2	0	163	5	95	265
January 2020	3	0	25	93	161	282
<b>2019/20 (Oct-Jan)</b>	<b>10</b>	<b>0</b>	<b>322</b>	<b>98</b>	<b>420</b>	<b>849</b>
2018/19 (Oct-Jan)	345	0	93	22	326	787
Total						
October 2019	6	262	633	1	144	1,046
November	2	260	456	1	176	895

December	3	398	525	10	263	1,199
January 2020	5	284	327	99	326	1,041
<b>2019/20 (Oct-Jan)</b>	<b>16</b>	<b>1,203</b>	<b>1,939</b>	<b>111</b>	<b>912<sup>a/</sup></b>	<b>4,181</b>
2018/19 (Oct-Jan)	2,215	465	511	24	516 <sup>b/</sup>	3,731

Source: Korea Customs Service

a/ Paraguay (379,911MT), Ukraine (189,973MT), Serbia (178,516MT), Bulgaria (118,167MT), Australia (35,527MT) and others (9,210MT) for MY2019/20 (Oct/Jan)

b/ South Africa (65,238MT), Serbia (83,295MT), Australia (21,741MT), Paraguay (92,292MT), Bulgaria (174,157MT) and Other (37,751MT) for MY2018/19 (Oct/Jan)

Table 24

<b>Korea: Monthly Corn Imports</b> (1,000 MT, Customs Cleared Basis)						
Month	Feed Corn			Processing Corn		
	MY 2017/18	MY 2018/19	MY 2019/20	MY 2017/18	MY 2018/19	MY 2019/20
October	627	728	871	125	184	175
November	739	667	768	242	138	127
December	641	724	934	107	190	265
January	714	825	759	292	274	282
<b>Sub Total</b>	<b>2,094</b>	<b>2,216</b>	<b>2,461</b>	<b>641</b>	<b>602</b>	<b>674</b>
February	637	601	Na	180	176	Na
March	558	635	Na	188	218	Na
April	667	736	Na	154	226	Na
May	643	832	Na	253	155	Na
June	646	585	Na	233	209	Na
July	702	699	Na	235	210	Na
August	626	758	Na	196	205	Na
September	478	730	Na	122	141	Na
<b>Total</b>	<b>7,680</b>	<b>8,519</b>	Na	<b>2,326</b>	<b>2,326</b>	Na

Source: Korea Customs Service, Trade Data Monitor LLC

Table 25

<b>Korea: MY 2019/20 Corn Contracts <sup>1/</sup></b> By Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of February 25, 2020)				
ETA	Quantity		Price (USD/MT) <sup>2/</sup>	
	Feed	Processing	Feed	Processing
Oct. 2019	805	55	193.13	221.25
Nov.	813	120	190.93	208.50
Dec.	582	60	204.29	201.60
Jan 2020	530	232	202.72	207.26



Feb.	943	227	205.10	209.29
Mar.	457	170	206.64	221.69
Apr.	466	60	212.43	221.82
May	933	20	214.76	219.50
Jun.	654	55	211.35	221.90
<b>Sub Total</b>	<b>6,183</b>	<b>999</b>	na	na
<b>Grand Total</b>	<b>7,182</b>		na	na

Source: Local Grain Traders

1/ reflecting 90-95 percent of actual contracts due to the omission of some data on contracts

2/ USD/MT, CNF on Weighted Average

### Tariffs

In late December 2019, the Ministry of Strategy and Finance (MOSF) released the adjusted tariffs and tariff rate quotas (TRQs) for 2020. The autonomous TRQs cover a variety of agricultural products, including feed corn. The TRQ for feed corn was set at 9.2 MMT with zero duty for 2020. However, the government excluded processing corn from the list of TRQs in 2019 and 2020. Therefore, the processing corn duty will remain at three percent. The out-of-quota duty for both feed and processing corn remained fixed at 328 percent. Please refer to GAIN report [KS2020-0003](#) for more details.

9.2 MMT of the annual autonomous TRQs for feed corn has been allocated to feed millers who are members of the Korea Feed Association (KFA) and the national farmer's cooperative, Nonghyup Feed Inc. (NOFI). Meanwhile, the Korea Corn Processing Industry Association (KOCPIA) manages about 2.0 MMT of processing corn, which is being imported at a three percent duty under the current market access quota (CMA).

Under the KORUS FTA, the duty on U.S. feed corn immediately fell to zero. If imports of U.S. corn claim the KORUS preferential duty, those imports do not count against the global autonomous TRQ of 9.2 MMT. Since 2019, tariffs were completely phased out on U.S. corn for food processing, and the duty fell to zero. For greater detail, please refer to [Chapter 3, Annex 3-A](#) of the trade agreement.

Table26

<b>Korea: Import Tariff Rate for CY 2020</b>							
Commodity	In-Quota				Out-of-Quota Rate	Bound Tariff Rate	
	Current Market Access Quota		Temporary Quota			In-Quota	Out-of-Quota
	Volume	%	Volume	%	%	%	%
Feed Corn 1005.90.1000	6,102,100 MT	1.8	9,200,000 MT	0	328	1.8	328
Processing Corn 1005.90.9000		3	0	na	328	3	328

Source: Korea Customs Service (KCS)

### Production, Supply and Distribution Data Statistics:

Corn PS&D

Corn Market Begin Year Korea, Republic of	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	15	15	15	15	0	15
Beginning Stocks	1848	1848	1931	1824	0	1898
Production	77	78	75	74	0	75
MY Imports	10856	10845	10800	11400	0	11500
TY Imports	10856	10845	10800	11400	0	11500
TY Imp. from U.S.	3299	4414	0	3000	0	5500
Total Supply	12781	12771	12806	13298	0	13473
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	8500	8556	8500	9000	0	9100
FSI Consumption	2350	2391	2400	2400	0	2400
Total Consumption	10850	10947	10900	11400	0	11500
Ending Stocks	1931	1824	1906	1898	0	1973
Total Distribution	12781	12771	12806	13298	0	13473
Yield	5.1333	5.2	5	4.9333	0	5

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

Corn Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Corn		
Time Period	Oct/Sept	Units:	1,000MT
Imports for:	<b>2017</b>		<b>2018</b>
U.S.	5170	U.S.	4414
Others		Others	
Brazil	1603	Brazil	2267
Argentina	1479	Argentina	2411
Russia	1065	Ukraine	340
South Africa	271	Bulgaria	331
Paraguay	309	Paraguay	165
Serbia	41	Serbia	662
Australia	57	South Africa	64
		Australia	47
Total for Others	4825		6287
Others not Listed	11		144
Grand Total	10006		10845

Source: Korea Customs Service (KCS), Trade Data Monitor LLC

Note: exclude pop corn

Table 27

<b>Korea: Corn Imports</b> (October/September, 1,000 MT, Customs Cleared Basis)							
Marketing Year	From World			From the U. S.			U. S. Share
	Feed	Food	Total	Feed	Food	Total	%
09/10	6,457	2,003	8,460	6,097	1,407	7,504	89
10/11	6,060	2,047	8,107	5,183	1,133	6,316	78
11/12	5,600	2,035	7,635	3,450	307	3,757	49
12/13	6,230	1,944	8,174	341	115	456	6
13/14	8,319	2,086	10,405	3,769	842	4,611	44
14/15	8,055	2,112	10,167	3,495	527	4,022	40
15/16	7,833	2,289	10,122	2,387	522	2,909	29
16/17	6,912	2,308	9,220	4,988	973	5,961	65
17/18	7,680	2,326	10,006	4,453	717	5,170	52

Source: FAS Seoul

Table 28

<b>Korea: Total Corn Utilization</b> (October/September, 1,000 MT)				
Marketing Year	Feed	Processing a/	Food b/	Total
2009/10	6,362	1,928	92	8,382
2010/11	6,074	2,051	89	8,214
2011/12	5,690	2,036	89	7,815
2012/13	6,483	1,900	98	8,481
2013/14	7,762	2,034	95	9,891
2014/15	8,035	2,118	97	10,250
2015/16	7,841	2,220	93	10,154
2016/17	7,031	2,315	89	9,435
2017/18	7,564	2,292	88	9,944

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.

Table 29

<b>Korea: Processing Corn Consumption</b> (October/September, 1,000 MT)			
Marketing Year	Wet Milling	Dry Milling	Total
2008/09	1,343	74	1,417
2009/10	1,864	76	1,940
2010/11	1,979	72	2,051
2011/12	1,969	67	2,036
2012/13	1,832	68	1,900
2013/14	1,963	71	2,034
2014/15	2,039	79	2,118

2015/16	2,147	73	2,220
2016/17	2,239	76	2,315
2017/18	2,221	72	2,293

Source: Korea Corn Processing Industry Association (KOCPIA)

Table 30

<b>Korea: Animal Inventory</b> (1,000 Head, 1,000 Birds, as of February 2020)					
Animal	Year	March	June	September	December
Beef Cattle	2015	2,896	2,984	2,996	2,909
	2016	2,821	2,996	3,016	2,963
	2017	2,885	3,034	3,120	3,020
	2018	2,947	3,117	3,168	3,113
	2019	3,059	3,242	3,269	3,211
	2020d/	3,155	3,203	3,251	3300
Dairy Cattle	2015	439	433	430	428
	2016	425	420	421	418
	2017	416	414	411	409
	2018	408	405	407	408
	2019	407	401	404	408
	2020	406-408c/	na	na	na
Swine	2015	9,971	10,018	10,332	10,187
	2016	10,315	10,355	10,699	10,367
	2017	11,005	11,187	11,493	11,273
	2018	11,156	11,304	11,641	11,333
	2019	11,200	11,317	11,713	11,280
	2020c/	11,156	11,197	11,599	11,254
Layer a/	2015	68,878	67,907	72,090	71,877
	2016	70,177	68,281	69,853	71,043
	2017	51,608	57,383	67,833	72,710
	2018	71,324	67,043	71,227	74,741
	2019	70,103	71,405	70,895	72,701
Broiler b/	2015	82,749	110,489	81,184	81,851
	2016	86,541	101,014	76,420	87,830
	2017	79,332	104,205	80,546	85,436
	2018	91,053	112,681	83,278	85,915
	2019	93,599	121,588	88,530	88,738

Source: Korea Statistics (KOSTAT)

a/ Excluding breeders

b/ Excluding multi-use broilers

c/ KREI forecast

d/ FAS Seoul forecast

Note: The Korean government changed the basis for estimating cattle inventory as of September 2017. The Korea Statistics Service switched from a sample survey-based cattle inventory estimate to the actual number of cattle registered under the traceability system. As it is mandatory to register cattle under the traceability system, this change will allow for more

accurate inventory numbers. However, this change increased cattle inventory statistics by an average of 240,000 heads (KS1810). Swine inventory numbers also followed the registration of the traceability system since 2017.

Table 31

<b>Korea: Feed Ingredients Use for MY2017-MY2018</b> (1,000 MT, October/September)						
INGREDIENT	MY2017/2018			MY2018/2019		
	TOTAL	DOM <sup>1/</sup>	%	TOTAL	DOM <sup>1/</sup>	%
<b>GRAINS:</b>						
CORN	7,564	-	38.6	8,557	-	41.8
SORGHUM	52	1	0.3	22	-	0.1
WHEAT	1,546	-	7.9	1,168	-	5.7
BARLEY	20	1	0.1	18	1	0.1
RYE	-	-	-	-	-	-
OATS	4	2	0.0	4	3	0.0
GSP/BROKEN GRAIN	108	108	0.6	99	99	0.5
TAPIOCA	152	-	0.8	101	-	0.5
LUPIN SEED	140	17	0.7	130	18	0.6
RICE	702	695	3.6	568	552	2.8
OTHERS	188	180	1.0	218	199	1.1
<b>SUB TOTAL</b>	<b>10,476</b>	<b>1,004</b>	<b>53.5</b>	<b>10,885</b>	<b>872</b>	<b>53.2</b>
<b>GRAIN BY-PRODUCTS:</b>						
WHEAT BRAN	494	418	2.5	494	421	2.4
RICE BRAN	202	202	1.0	215	215	1.1
BARLEY BRAN	1	1	0.0	1	1	0.0
CORN BRAN	7	-	0.0	5	2	0.0
GLUTEN FEED	1,044	486	5.3	1,141	457	5.6
OTHERS	250	203	1.3	235	190	1.1
<b>SUB TOTAL</b>	<b>1,998</b>	<b>1,310</b>	<b>10.2</b>	<b>2,091</b>	<b>1,286</b>	<b>10.2</b>
<b>ANIMAL PROTEIN:</b>						
FISH MEAL	12	7	0.1	11	7	0.1
MEAT & BONE MEAL	24	23	0.1	24	23	0.1
OTHERS	162	160	0.8	171	169	0.8
<b>SUB TOTAL</b>	<b>198</b>	<b>190</b>	<b>1.0</b>	<b>206</b>	<b>199</b>	<b>1.0</b>
<b>VEGETABLE PROTEIN:</b>						
SOYBEAN MEAL	2,391	630	12.2	2,316	618	11.3
RAPESEED MEAL	254	2	1.3	393	4	1.9
SESAMESEED MEAL	36	36	0.2	38	38	0.2
PERILLA SEED MEAL	2	2	0.0	2	2	0.0
CORN GLUTEN MEAL	70	69	0.4	76	74	0.4
DDGS 2/	982	361	5.0	1,086	414	5.3
COTTONSEED MEAL	-	-	-	-	-	-
PARM KERNEL MEAL	702	50	3.6	815	74	4.0

COPRA MEAL	276	37	1.4	258	1	1.3
OTHERS	260	184	1.3	278	228	1.4
<b>SUB TOTAL</b>	<b>4,973</b>	<b>1,371</b>	<b>25.4</b>	<b>5,262</b>	<b>1,453</b>	<b>25.7</b>
ADDITIVES/MINERALS:						
CALCIUM PHOSPHATE	58	55	0.3	66	56	0.3
LIMESTONE	541	541	2.8	576	576	2.8
SALT	67	65	0.3	71	67	0.3
OTHER	325	312	1.7	323	321	1.6
<b>SUB TOTAL</b>	<b>991</b>	<b>973</b>	<b>5.1</b>	<b>1,036</b>	<b>1,020</b>	<b>5.1</b>
OTHER INGREDIENTS:						
TALLOW	324	324	1.7	346	343	1.7
MOLASSES	362	295	1.8	368	307	1.8
UREA	2	2	0.0	3	3	0.0
OTHER	267	241	1.4	275	250	1.3
<b>SUB TOTAL</b>	<b>955</b>	<b>862</b>	<b>4.9</b>	<b>992</b>	<b>903</b>	<b>4.8</b>
<b>GRAND TOTAL</b>	<b>19,591</b>	<b>5,710</b>	<b>100</b>	<b>20,472</b>	<b>5,733</b>	<b>100</b>

Source: Korea Feed Association (KFA)

1/ Domestic Products

2/ refer to [KS1748](#) for more details

### Commodities:

Rice, Milled

### Production:

MY 2020/21 rice production is forecast to be about 3.75 million metric tons (MMT), almost unchanged from 3.74 MMT in the previous marketing year. Yields are expected to be lower than the previous five-year average because the government plans to implement a newly revised direct payment program called 'Public Benefit Direct Payment for Agriculture and Rural Community' in 2020, which will no longer base direct deficiency payments on the volume of rice production. Instead, direct payment will be made on a land area per farm household basis. With direct payments no longer tied to actual production, farmers will likely be incentivized to focus more on varieties with high consumer demand, rather than focusing primarily on high yield varieties as in the previous direct payment system.

Information about the 2019 rice crop is available in FAS Seoul's [2019 Rice Production Update](#).

### Area

Rice area has continued to decrease annually since 2001, with yearly decreases ranging from 5,000 ha to 38,000 ha. In 2019, rice planting/harvesting area decreased by 8,000 ha, down one percent from the previous year, as more rice paddy land went into housing and building construction or was converted to more profitable cash crops.

The government has also encouraged rice farmers to cultivate other crops on what had been rice acreage to reduce the burden of heavy rice stocks accumulated since MY 2013/14. As a consequence, the

Korean government has continued a ‘rice reduction program’ since 2018 that is designed for rice farmers who cultivate other crops on paddy land previously planted with rice to receive a subsidy.

In 2020, the Korean government announced revised subsidies, paying Korean Won (KRW) 2.7 million per ha (USD 2,320 per ha) on average, down KRW 0.7 million from the previous year. These subsidies will be available to all producers with under 5,000ha. Specific crops/uses are eligible as follows:  
 -forage with KRW 4.3 million (USD3,694), targeting 8,000ha  
 -soybeans with KRW 2.55 million (USD2,191), down KRW 0.7 million from the previous year, targeting 6,000ha  
 -fallow land with KRW 2.1 million (USD1,804), down KRW 0.7 million from the previous year, targeting 1,000ha

A government budget of KRW 68.6 billion (USD59 million), with a ceiling of 20,000 ha, is available for the program this year. If rice farmers fully subscribe to the program, that could result in a reduction of 100,000 MT of rice production. However, as of December 2019, a KREI survey of rice farmers’ planting intentions was estimated at 724,000 ha, reflecting rice farmers continued strong intention to cultivate rice. Rice farmers planting intentions are influenced by the attractive rice subsidy programs compared to other crops, as well the relative ease of rice cultivation given the ready availability of specialized mechanical equipment.

In 2019, rice farmers participated in the rice reduction program by reducing area by 28,000 ha, estimated to have reduced production by approximately 144,000 MT.

### Yield

To date rice farmers have preferred planting high-yield varieties to maximize returns under the rice deficiency payment program. Consequently, higher yields are expected to partially offset the effects of declining paddy land in the 2020 crop. FAS/Seoul forecasts rice average yields at 5,200 kg/ha, a lower yield than the previous five-year average yield because of the previously mentioned changes to government payment incentives.

Table 32

<b>Korea: 2020 Rice Production Forecast</b>		
	2019 Rice Production	2020 Rice Production Forecast <sup>1/</sup>
Area (1,000 ha)	730	724 <sup>a/</sup>
Yield (kg/ha)	5,131	5,200 <sup>b/</sup>
Production (1,000MT)	3,744	3,750

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA) & KOSTAT

a/ KREI Survey for December 11-12, 2019

b/ applied slightly lower yield than the average yield for past five years due to newly revised direct payment program is no longer related with the level of yield

Table 33

<b>Korea: Rice Area, Yield and Production</b>
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Crop Year	Area (1,00ha)	Yield (kg/ha)	Production (Milled, 1,000 MT)
2010	892	4,815	4,295
2011	854	4,946	4,224
2012	849	4,718	4,006
2013	833	5,081	4,230
2014	816	5,200	4,241
2015	799	5,416	4,327
2016	779	5,389	4,197
2017	755	5,264	3,972
2018	738	5,244	3,868
2019	730	5,131	3,744
2020	724 <sup>a/</sup>	5,200 <sup>b/</sup>	3,750

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ KREI Survey for December 11-12, 2019

b/ applied slightly lower yield than the average yield for past five years due to newly revised direct payment program is no longer related with the level of yield

### Production Policy:

On February 21, 2020, the Korean government revised the Presidential and Ministerial Decree of RICA (Rice Income Compensation Act), which defines ‘Public Benefit Direct Payment for Agriculture and Rural Community’ as a new subsidy program to replace the established Direct Payments, effective May 1<sup>st</sup> 2020. Once the final version of this policy is released in April 2020, FAS/Seoul plans to release a voluntary GAIN report with additional details. Summary of the revised regulations:

- **Small Farm-Sized Household Direct Payment:** The new subsidy program will provide Korean Won (KRW) 1.2 million won (about \$1,000) in cash to farm households who owned less than 0.5 hectare in total. The government will also introduce an income ceiling so that the subsidy only goes to farmers who need financial support the most. The income ceiling is likely to be similar to the 37 million won (about \$30,000) a year income ceiling for MAFRA’s rice farming subsidy program.
- **Area Direct Payment:** Farm households who owned more than 0.5 ha will receive direct payments based on a tiered scale, receiving KRW one million per ha in tiers of 2ha, the range between 2ha – 6 ha, and the range between 6ha – 30ha.
- In return for receiving the subsidy, the government will require farmers to implement some public objectives in their operations, such as reduced use of agricultural chemicals to improve environmental and ecological protection in rural communities.

Since 2005 rice farmers have received two types of income support payments under the Rice Income Compensation Act (RICA), which came to an end in 2019: an area payment and a deficiency payment (Table 34).

Explanation of how these payments are calculated:



**Area Payment:** This payment is made on a ‘per hectare’ basis and is calculated using the average area of rice production during the base period 1998-2000. The average 2019 area payment was Korean Won 1,000,000 (USD 859) on average per hectare. Paddy area covered under this support program decreased to 802,000 hectares in 2019, down two percent from the previous year (Table 34). Total area payment in 2019 amounted to Korean Won 802 billion (USD 689 Million).

**Deficiency Payment:** The deficiency payment is 85 percent of the difference between the national-average market price during the 2019 harvest season (Oct. 2019 - Jan. 2020) and the 2019 target price set by the government, less the area payment.

In CY 2019, the total deficiency payment amounted to Korean Won 233.6 billion (USD 201 million). This payment was the difference between the average harvest price of 2,375 Won (USD 2.04) per kilogram (milled) and the target price of 2,675 Won (USD 2.30) per kilogram (milled). The weighted average area payment of 1,000,000 Won per hectare is converted to a kilogram equivalent (186.6 Won/kg) by dividing it by the 1999-2003 Olympic average yield, which increased to 5,360 kg per hectare from the previous 5,040 Kg in from CY 2018 on (refer to Table 34 for more details).

The deficiency payment calculation is shown as below.

$[(\text{Target Price W/kg} - \text{Average Harvest Price W/kg}) \times .85] - \text{Area Payment per ha} / \text{Avg. National Yield per ha}$

$[\text{W } 2,675 - \text{W } 2,375] \times .85 - \text{W } 1,000,000 / 5,360 \text{ kg} = \text{W } 68.5 \text{ per kilogram}$

### **Government Rice Purchase Program under the Public Food Grain Stockholding Program (PFSP):**

The government purchases rice to ensure food security and price stability. Under the Public Food Grain Stockholding Program (PFSP), the Korean government procures domestic paddy rice during the harvest season (October-December) at the average market price, and later sells it during the non-harvest periods at the prevailing domestic market price. For October - December 2019, the Korean government purchased 350,000 MT (milled basis) of paddy rice consisting of 340,000 MT of PFSP, and 10,000 MT for the ASEAN Plus Three Emergency Rice Reserve (APTERR) (Table 35). Korea has purchased 120,000 MT of rice (milled basis) under the APTERR program since 2014.

### **Government and National Agricultural Cooperative Federation’s (NACF’s) Loan Programs to Rice Millers**

In 2019 the Korean government provided loans for local rice millers such as NACF (national farmers group) rice millers and independent rice millers worth more than 1.28 trillion Korean Won (USD 1.1 billion) with a special loan rate between zero and two percent per annum. The NACF also continued providing about 1.9 trillion Korean Won (USD 1.63 billion) worth of loans to rice farmers/millers at zero interest rate. The main goal of the loan programs is to encourage rice millers to purchase more rice from farmers, minimizing the downward pressure of harvest on prices in the rice market.

Most rice purchases under the loan programs provided by the Korean government and the NACF will be introduced into the rice retail market through NACF's Rice Processing Complexes (RPCs) and independent RPCs throughout the 2019/20 (Nov/Oct) rice marketing year.

In 2019, Rice farmers sold approximately 2.23 MMT (or 60 percent) of total production during the harvest season, including 0.35 MMT through government direct purchases under the PFSP (Public Food Grain Stockholding Program) and APTERR (ASEAN Plus Three Emergency Rice Reserve), with 1.69 MMT purchased by NACF member rice millers and 0.25 MMT purchased by independent rice millers under the loan programs. (Table 35 & 36).

### Rice Millers Purchase:

Korean rice millers, known as RPCs, purchased 1.88 MMT (milled basis) of paddy rice at a free loan rate under the National Agricultural Cooperative Federation (NACF) loan program during the 2019 harvest season. NACF member RPCs purchased 1.63 MMT, and independent RPCs bought 0.25 MMT. The Korean government also supported rice millers in the purchase of paddy rice under an incentive loan program at a loan rate ranging from zero to two percent based on an evaluation of RPCs. The total value of loan programs was 3.18 trillion Korean won (USD 2.73 billion), consisting of 1.9 trillion Korean Won from NACF and 1.28 trillion Korean Won from government support (Table 36).

Table 34

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)	
2009	893	703,684	632.8	3,948	150.4	594.5	1,227.3
2010	883	700,704	622.3	3,850	194.9	750.1	1,372.4
2011	875	700,169	617.4	na	none	0	617.4
2012	866	702,071	610.1	na	none	0	610.1
2013	855	800,926	686.6	na	none	0	686.6
2014	835	901,304	756.0	3,632	52.8	194.1	950.1
2015	844	998,892	843.1	3,624	198.6	718.7	1,561.8
2016	837	1,001,010	838.3	3,557	418.7	1,490.0	2,328.3
2017	829	1,003,027	831.5	3,447	156.6	539.3	1,370.8
2018	818	1,000,856	818.7	3,505	31.8	111.4	930.1
2019	802	1,000,000	802.0	3,409	68.5	233.6	1,035.6

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

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 of 4,880 kg per hectare from 1999-2003 and actual cultivated area registered under the program. The applicable rice yield has been revised up to 5,040kg per hectare since 2012 and then revised up to 5,360 Kg per hectare again in 2018.

Table 35

<b>Korea: Government Rice Purchases</b>			
Under Public Food Grain Stockholding Program (PFSP)			
Crop Year	Production (1,000 MT)	Purchase (1,000 MT)	%
2010	4,295	340	7.9
2011	4,224	261	6.2
2012	4,006	363	9.1
2013	4,230	367	8.7
2014	4,241	610 <sup>a/</sup>	14.4
2015	4,327	717 <sup>b/</sup>	16.5
2016	4,197	678 <sup>c/</sup>	16.1
2017	3,972	711 <sup>d/</sup>	17.9
2018	3,875	350 <sup>e/</sup>	9.0
2019	3,744	346 <sup>f/</sup>	9.3

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ Includes 240,000 MT to stabilize rice market in addition to 370,000 MT under PFSP, but excludes 30,000 MT for APTERR (ASEAN Plus Three Emergency Rice Reserve)

b/ Includes 357,000 MT to stabilize rice markets in addition to 360,000 MT under PFSP, but excludes 30,000 MT for APTERR (ASEAN Plus Three Emergency Rice Reserve)

c/ Includes 299,000 MT to stabilize rice markets in addition to 349,000 MT under PFSP, but exclude 30,000 MT for APTERR (ASEAN Plus Three Emergency Rice Reserve)

d/ Includes 370,000 MT to stabilize rice markets in addition to 331,000 MT under PFSP and 10,000 MT for APTERR (ASEAN Plus Three Emergency Rice Reserve)

e/ Includes 340,000 MT under PFSP and 10,000 MT for APTERR (ASEAN Plus Three Emergency Rice Reserve)

f/ Includes 336,000 MT under PFSP and 10,000 MT for APTERR (ASEAN Plus Three Emergency Rice Reserve)

Table 36

<b>Korea: NACF Rice Purchases <sup>a/</sup></b>			
Crop Year	Production (1,000 MT)	Purchase (1,000 MT)	%
2009	4,916	1,950	40
2010	4,295	1,380	32
2011	4,224	1,327	31
2012	4,006	1,331	33
2013	4,230	1,465	35
2014	4,241	1,649	39
2015	4,327	1,741	40
2016	4,197	1,799	43
2017	3,972	1,590	40
2018	3,868	1,686	44
2019	3,744	1,633	44

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ Excludes independent RPC purchases

### **Consumption:**

MY 2020/21 rice consumption is forecast at 4.0 MMT, down 2.7 percent from estimates for the current marketing year due to continuously decreasing table rice consumption as well as the end of government rice distribution for animal feed. Imported rice constitutes about nine percent of total consumption.

For table use, Korean consumers prefer short-grain rice. 81 percent of domestic production (all short-grain) was consumed as table rice in MY 2018/19. Per capita table rice consumption continues to decline, as eating habits change due to rising incomes and the growing popularity of western foods. Annual per capita table rice consumption reached its peak at 136.4 kg in 1970 but declined to 61.0 kg in MY 2017/18. FAS/Seoul forecasts per capita table rice consumption at 59.8 kg in the past marketing year (MY 2018/19) based on declining consumption trends for table rice, decreasing further to 59.1 kg in MY 2019/20 (Table 37).

In MY 2018/19, the percentage of processed rice consumption decreased to 27 percent of total domestic rice consumption, from 30 percent in the previous year, due to declining rice distribution for animal feed despite the continued expansion in rice consumption for food processing.

In MY 2019/20, stocks have declined to the level of one million metric tons at the end of the previous marketing year, but the Korean government decided to quit distributing older rice stocks for animal feed in 2020. Therefore, the share of processed rice consumption is declining to 20 percent of total rice consumption. (Table 37, 41 & 48).

#### **Feed:**

In order to reduce high ending stocks, the Korean government released rice to be used for animal feed since MY 2015/16. However, the Korean government decided to stop distributing old rice for animal feed in 2020 as the ending stock level has diminished to one million MT. The cumulative amount of brown rice for animal feed was approximately 1.81 million MT (brown rice, equivalent to 1.63 MMT on a milled basis), consisting of 1.78 million MT of domestic rice and 31,000 MT of imported rice. The sales price has been about approximately 200 Korean Won per kg (USD 0.17/kg), a tenth of the purchasing price in the harvest season under the government purchasing program, calculated at 92-93 percent of the average imported corn price in the previous marketing year.

In MY 2018/19, the Korean feed industry reported rice consumption for animal feed at 531,278 MT of brown rice, consisting of 512,804 MT of domestic brown rice and 18,474 MT of imported brown rice.

In MY 2019/20, the Korean feed industry used 68,514 MT for the first three months (Nov. – Jan.) for feed, composed of 64,595 MT of domestic brown rice and 3,527 MT of imported brown rice.

The Korean feed industry believes that feed use of rice has been very beneficial for feed millers who produce compound feed for piglets because of both low prices and the intrinsic nutritional characteristic of rice.

Table 37

<b>Korea: Rice Utilization Pattern</b> (1,000 MT, milled)				
Rice Year (November – October)	MY 2016/17 <sup>a/</sup>	MY 2017/18 <sup>b/</sup>	MY 2018/19 <sup>c/</sup>	MY 2019/20 <sup>c/</sup>
Table Rice	3,199	3,161	3,120	3,080
Processing	1,086	1,427	1,270	840
(for food)	(492)	(568)	(570)	(570)
(for liquor)	(216)	(188)	(200)	(200)
(for feed)	(378)	(671)	(500)	(70)
Seed	33	32	32	32
Other and Loss	117	132	150	150
Total Demand	4,435	4,752	4,572	4,102
Per Capita Table Rice Consumption (kg)	61.8	61.0	59.8	59.1

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ MAFRA Revised

b/ MAFRA Preliminary

c/ FAS/Seoul forecast

Table 38

<b>Korea: Rice Consumption Pattern for Processing Purpose</b> (1,000 MT, milled)				
Purpose	MY 2016/17 <sup>a/</sup>	MY 2017/18 <sup>b/</sup>	MY 2018/19 <sup>c/</sup>	MY 2019/20 <sup>c/</sup>
KRFA	220	260	299	270
KALIA	216	188	200	200
Others <sup>d/</sup>	272	308	271	300
Feed	378	671	500	70
Total	1,086	1,427	1,270	840

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ Revised

b/ Preliminary

c/ FAS/Seoul forecast

d/ Traditional foods or beverage made of local rice.

Note: Korea Rice Foodstuffs Association (KRFA), Korea Alcohol & Liquor Industry Association (KALIA)

Table 39

<b>Korea: Rice Supply for Processing Purposes to KRFA Members</b> (Metric Ton, Milled)			
Marketing Year (Nov/Oct)	Local Rice	Imported Rice	Total
2008/09	806	131,344	132,150
2009/10	24,887	154,821	179,708
2010/11	125,910	108,215	234,125
2011/12	147,462	100,249	247,711
2012/13	118,344	127,544	245,888

2013/14	63,654	162,893	226,547
2014/15	11,803	185,630	197,433
2015/16	35,907	185,853	221,760
2016/17	41,404	178,794	220,198
2017/18	69,364	190,767	260,131
2018/19	105,185	194,252	299,437

Source: Korea Rice Foodstuffs Association (KRFA)

Table 40

<b>Korea: Rice Supply for Processing Purposes to KRFA Members</b> (Metric Ton, Milled, Marketing Year (Nov/Oct))						
	MY 2016/17		MY 2017/18		MY 2018/19	
Item	Quantity	Ratio (%)	Quantity	Ratio (%)	Quantity	Ratio (%)
Cake/Noodle	90,925	41	100,508	39	118,169	39
Alcohol	41,212	19	44,127	17	42,669	14
Flour	59,049	27	73,205	28	77,846	26
Seasoning/Sweetness	4,332	2	5,073	2	5,756	2
Confectionary	12,385	6	17,796	7	23,688	8
Others	12,295	5	19,422	7	31,309	10
<b>Total</b>	<b>220,198</b>	<b>100</b>	<b>260,131</b>	<b>100</b>	<b>299,437</b>	<b>100</b>

Source: Korea Rice Foodstuffs Association (KRFA)

Table41

<b>Korea: Rice Consumption for Animal Feed</b> (Marketing Year, Brown rice basis, MT)									
Month	MY 2017/18			MY 2018/19			MY 2019/20		
	Domestic Rice	Imported Rice	Total	Domestic Rice	Imported Rice	Total	Domestic Rice	Imported Rice	Total
November	53,806	0	53,806	66,286	1,009	67,295	29,500	2,518	32,018
December	48,340	0	48,340	53,349	2,021	55,370	25,168	1,338	26,506
January	43,163	0	43,163	42,868	116	42,984	9,927	63	9,990
February	54,117	0	54,117	43,781	8	43,789	na	na	na
March	62,448	0	62,448	51,147	26	51,173	na	na	na
April	64,516	0	64,516	42,124	6	42,130	na	na	na
May	64,816	850	65,666	35,510	1,112	36,622	na	na	na
June	64,187	1,655	65,842	37,845	17	37,862	na	na	na
July	58,654	2,235	60,889	42,311	1,808	44,119	na	na	na
August	65,027	913	65,940	33,284	3,606	36,890	na	na	na
September	67,160	1,003	68,163	31,142	5,210	36,352	na	na	na
October	72,529	1,428	73,957	33,156	3,535	36,691	na	na	na
<b>Total</b>	<b>718,763</b>	<b>8,084</b>	<b>726,847</b>	<b>512,804</b>	<b>18,474</b>	<b>531,278</b>	<b>64,595</b>	<b>3,919</b>	<b>68,514</b>
<b>Total (milled)</b>	<b>646,887</b>	<b>7,276</b>	<b>654,162</b>	<b>461,523</b>	<b>16,627</b>	<b>478,150</b>	<b>58,135</b>	<b>3,527</b>	<b>61,663</b>

Source: Korea Feed Association (KFA)

Note: actual rice consumption for feed is slightly different from government's estimate of feed use

**Trade:**

On September 30, 2014, the Korean government submitted to the WTO a draft containing modifications and rectifications to “Schedule LX - Republic of Korea”, which allowed Korea to change its regime to ordinary customs duties (without an MMA component) on rice beginning on January 1, 2015. However, five countries, including the United States, had reserved their positions with respect to the proposed rectification and modification of the Republic of Korea’s tariff schedule concerning rice market access. Rice tariffication remained a priority issue for Korea, and the government continued to engage in bilateral discussions with the concerned countries for settlement of the issue for the past five years. The United States worked closely with Korea to ensure that the new arrangement would take appropriate account of the strong U.S. trade in this commodity.

By the end of 2019, the Korean government eventually agreed to a compromise with the five countries who had raised concerns with the tariff schedule concerning rice market access. As part of this compromise, Korea agreed to allocate among the five countries 408,700 MT of the WTO TRQ for rice as below.

- Within the rice TRQ, Korea shall establish a country-specific quota (CSQ) for each of the other parties. Korea shall allocate the following CSQ volumes on a milled rice basis to each:

United States: 132,304 MT

China: 157,195 MT

Vietnam: 55,112 MT

Thailand: 28,494 MT

Australia: 15,595

- Korea shall make 20,000 MT (milled) of the rice TRQ available on a Most-Favored Nation (MFN) basis to all WTO members including the parties.
- Korea shall ensure that tendering for imports under the CSQs is implemented in accordance with internationally recognized practices. The authorities administering the tendering process reserve the right to retender in the event that the prices offered in all submitted bids are unreasonably high, taking into account the international price of rice of comparable type and quality prevailing at the time of bidding. If a tender for imports under a CSQ fails for three trials due to reasons including non-compliance by bidders with tendering terms and conditions, the authorities administering the tendering consent to retender on an MFN basis the volume previously sought in the failed tenders. Korea requires that imports under the rice TRQ for a given quota year occur during that quota year.
- Any party may request consultations with Korea with respect to the rice TRQ. Such consultations shall be held within thirty days of the request, or as soon as possible thereafter in the event of an unavoidable delay.

- In the tenth year after the year of entry into force of this agreement, Korea may review the CSQ allocation, taking into account domestic demand and global trade flows for rice. Korea shall not adjust the CSQ allocation unless all parties to this agreement consent.

Accordingly, Korea continues to annually import the mandatory import volume of 408,700 MT with CSQ countries accounting for 388,700 MT and Most Favored Nation (MFN) countries with 20,000 MT at the current duty level of five percent, as agreed in the special treatment clause. Tariffs outside the quota remain prohibitively high at 513 percent.

**Imports:**

MY 2020/21, rice imports are forecast at about 410,000 MT (milled basis). Korea is expected to continue purchasing 408,700 tons (milled basis) of rice under the 2020 TRQ, which has been allocated to five countries and including the globalized 20,000 MT access.

In MY 2019/20, rice imports are expected to increase to 600,000 MT (milled basis) due to actual delivery of a major portion of the 2019 TRQ rolling over into the following year. Annual U.S. rice exports in 2020 are expected to increase to 200,000 MT (milled basis) because all contracts made under the 2019 TRQ are scheduled for delivery in 2020.

In MY 2018/19, Korea’s rice imports were 289,545 MT (milled), consisting of 267,112 MT imported under the 2018 TRQ, and 22,433 MT imported under the 2019 TRQ. In 2018, U.S. exports to Korea under the 2018 TRQ amounted to 150,579 MT.

**2020 TRQ Tendering Process:**

Under the 2020 Tariff Rate Quota (TRQ) purchasing plan, Korea will purchase 408,700 MT of rice (milled basis) under the newly agreed rice tariffication system in effect since January. Under the 2020 TRQ thus far, Korea started to announce tender invitations in January 2020 and purchased 20,000 MT of U.S. medium grain brown rice as the first contract under the U.S. CSQ.

**2019 TRQ Tendering Results:**

The Korea Agro-Fisheries and Food Trade Corporation (aT) completed the tendering process for 2019 rice TRQ commitments on January 8, 2020. Korea purchased a total of 408,700 MT of rice (milled basis) from three countries: The United States, China, and Vietnam. The U.S. share reached 32.8 percent, down 5.9 percentage points from the previous year, due to less competitive pricing than other countries despite a greater demand for medium grain variety rice. Contracts for U.S. rice totaled 134,188 MT (milled), worth USD \$121.5 million. Of this total, 107,986 MT was brown rice (equivalent to 97,187 MT on a milled basis) used for food processing purposes, and the remaining 37,000 MT was milled rice for table use (Table 42).

Please refer to GAIN Report [KS2020-0004](#) for more details.

Table 42

<b>Korea: Rice Contracts by Country under 2019 MFN TRQ</b> (Unit: MT, Milled Basis, as of January 08, 2020)			
Country	MFN TRQ		Total (%)
	Processing Use	Table Use	



USA	97,188	37,000	134,188(32.8)
China	176,400	0	176,400(43.2)
Vietnam	95,112	3,000	98,112(24.0)
S. Total	368,700	40,000	<b>408,700</b>
G. Total	<b>408,700</b>		<b>408,700(100.0)</b>

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

### Auctions for Imported Table Rice:

Korea Agro-Fisheries & Food Trade Corporation (aT) sells imported table rice shipments to consumer distribution channels through a public auction system. Meanwhile, the Ministry of Agriculture, Food and Rural Affairs (MAFRA) distributes processing rice to end-users, such as food processors and alcoholic beverage producers, at a set price throughout the year.

Due to heavy stocks of domestic rice caused by overproduction since 2013, the pace of auctions for imported rice for table use has been very slow, effectively reducing the annual volume of auctioned rice. As large rice stocks have dampened domestic prices, farmers' groups have petitioned the government to further slow auctions for imported table rice., During the harvest season farmers' groups have further requested a complete stop to auctions for imported medium and short grains, which compete with domestic short grain rice.

Accordingly, the Korean government slowed the pace of auctions for imported rice, converting unsold rice to alcohol processing with 52,959 MT under the 2015 TRQ and 23,690 MT under the 2016 TRQ, respectively, due to deteriorated quality of this rice caused by the slow pace of auctioning. As of January 6, 2020, aT stopped holding auctions for U.S. medium grain rice that began in 2019 for rice imported under the 2017 TRQ, expecting the unsold portion of 13,546 MT to be converted to alcohol processing (Table 45).

As of January 13, 2020, aT started auctioning U.S. medium grain rice imported under the 2018 TRQ while Vietnamese long grain rice has been selling since August 2019 (Table 46).

Table 43

<b>Korea: Status of Table Rice Imports and Distribution</b> (MT, Milled rice)					
Calendar Year	Total Rice Imports	Table Purpose	Rate of Table Rice of Total Imports (%)	Distribution to Consumers Market	Conversion to Processing
MMA Quota Regime (2005-2014)					
2005	225,575	22,557	10	22,557	0
2006	245,922	34,429	14	34,429	0
2007	266,270	47,928	18	47,928	0
2008	286,617	63,055 <sup>a/</sup>	22	38,121	24,934

2009	306,964	79,810 <sup>b/</sup>	26	45,007	34,803
2010	327,311	98,193 <sup>c/</sup>	30	92,576	5,617
2011	347,658	104,297	30	104,297	0
2012	368,006	110,401	30	110,401	0
2013	388,353	116,505	30	116,505	0
2014	408,700	122,610 <sup>d/</sup>	30	65,072	57,538
<b>Total</b>	<b>3,171,376</b>	<b>799,785</b>	<b>25</b>	<b>676,893</b>	<b>122,892</b>
<b>TRQ Regime (Since 2015)</b>					
2015	408,700	60,000 <sup>e/</sup>	15	7,041	52,959
2016	408,700	50,000 <sup>f/</sup>	12	26,310	23,690
2017	408,700	40,000 <sup>g/</sup>	10	25,914	14,086
2018	408,700	39,800 <sup>h/</sup>	9.7	7,136	na
2019	408,700	40,000 <sup>i/</sup>	10	na	na

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

a/ of which, 24,934MT of Chinese rice was diverted to alcohol processing purpose in CY 2010

b/ of which, 33,303 MT of Chinese rice and 1,500 MT of Thai rice were diverted to alcohol processing purpose in CY 2011

c/ of which, 5,671MT of Chinese rice were diverted to alcohol processing purpose in CY 2012.

d/ of which, 8,754 MT of U.S. rice, 43,386 of Chinese rice and 5,395 MT of Australian rice were converted to alcohol processing purpose in CY 2016

e/ of which, 34,035 MT of U.S. rice and 18,924 MT of Chinese rice have been converted to alcohol processing purpose in CY 2018

f/ suspended auctions for 23,084 MT of U.S. medium grain and 546 MT of Vietnamese short grain as of September 24, 2018 but completed auctioning-off for 7,000 MT of Thai long grain as of January 2, 2019. 546 MT of Vietnamese short grain has already converted to alcohol processing immediately. The unsold U.S. medium grain has been converted to alcohol processing since January 2019.

g/ consisting of 37,000MT of U.S. medium grain and 3,000MT of Vietnamese long grain, of which, 13,546 MT of U.S. rice will be converted to alcohol processing after suspending selling auction on Jan. 6, 2020 and 540 MT of Vietnamese long grain was converted to animal feed due to a damage over transportation.

h/ consisting of 2,800 MT of Vietnamese long grain delivered in December 2018 and 37,000 MT of U.S. medium grain delivered during April - May 2019 based on contracts. Ongoing selling auctions for both.

i/ consisting of 3,000 MT of Vietnamese long grain to be delivered in April 2020 and 37,000 MT of U.S. medium grain to be delivered during February - June 2020 based on contracts

Table 44

<b>Korea: Status of Rice Auction for Table Rice under 2017 TRQ</b>						
(Unit: metric tons, milled basis, as of Jan. 6, 2020)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price 1/
U.S. Medium Grain 2/ (Jan. 23, 2019~Jan 6, 2020)	#1	37,000	23,454	13,546	63	1,828
Vietnamese Long Grain 3/ (Jan. 9 – Oct 19, 2019)	#1	3,000	2,460	540	82	960
<b>Total</b>		<b>40,000</b>	<b>25,914</b>	<b>14,086</b>	<b>65</b>	

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

1/ Weighted average in Korean Won per Kg

2/ imported in the first half of 2018 with 2017 crop. Suspended auctions for U.S. medium grain since January 6, 2020 due to deteriorated quality, the remainder will be converted to alcohol processing purpose.

3/ completed selling auction on October 19, 2019, the remainder was converted to animal feed due to a damage over transportation.

Table 45

<b>Korea: Status of Rice Auction for Table Rice under 2018 TRQ</b>						
(Unit: metric tons, milled basis, as of Mar. 23, 2020)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price 1/
U.S. Medium Grain 2/ (Jan 13, 2020~)	#1	37,000	4,968	32,032	13	1,811

Vietnamese Long Grain <sup>3/</sup> (Aug 26, 2019~)	#1	2,800	2,168	632	77	1,266
<b>Total</b>		39,800	7,136	32,664	18	

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

1/ Weighted average in Korean Won per Kg

2/ imported in the first half of 2019 with 2018 crop, ongoing selling auctions since January 13, 2020.

3/ imported in December 2018, ongoing selling auctions since August 26, 2019.

Table 46

<b>Korea: Status of Rice Auction for Table Rice under 2019 TRQ</b> (Unit: metric tons, milled basis, as of Jan. 8, 2020)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price 1/
U.S. Medium Grain 2/	#1	37,000	na	na	na	na
Vietnamese Long Grain <sup>3/</sup>	#1	3,000	na	na	na	na
<b>Total</b>		40,000	na	na	na	na

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

1/ Weighted average in Korean Won per Kg

2/ to be delivered in the first half of 2020.

3/ to be delivered in April 2020.

### Exports:

Korea is expected to export approximately 53,000 MT of domestic rice to other countries in 2020 and 2021, including both food aid and commercial exports. In February 2020 Korea donated 950 MT of rice (milled) to the Philippines under the ASEAN Plus Three Emergency Rice Reserve (APTERR) after a deadly earthquake and typhoons struck the country.

In 2019 Korea's rice exports were 52,663 MT, which include a 51,000 MT in donations to the following countries:

- Yemen (19,000MT), Somalia (16,000 MT) and Kenya (15,000MT) through the World Food Program (WFP) under the Food Assistance Convention (FAC), and
- Myanmar (500 MT) and Laos (500 MT) under the ASEAN Plus Three Emergency Rice Reserve (APTERR).

Table 47

<b>Korea: Rice Exports</b> (Milled)				
Calendar Year	To the World		To the United States	
	Quantity (MT)	Value (USD1,000)	Quantity (MT)	Value (USD1,000)
2009	4,183	7,300	443	777
2010	3,765	6,394	272	587
2011	3,782	6,277	161	244
2012	2,223	4,424	90	185

2013	1,517	3,363	86	180
2014	1,684	3,894	123	303
2015	1,987	4,472	365	1,148
2016	2,313	4,847	477	1,175
2017	2,767	5,641	540	1,390
2018	64,164a/	43,823	425	1,171
2019	52,663b/	26,234	425	1,156

Source: Korea Customs Service (KCS) and Trade Data Monitor LLC

a/ includes 60,000 MT of food assistance in 2018

b/ includes 51,000 MT of food assistance in 2019

### Stocks:

The government has tried to reduce the amount of rice in storage as rice stocks approach the FAO recommended level of 0.8 MMT. MY 2018/19 stocks (at the end of October 2019) declined to 1.1 MMT, or 24 percent of total domestic consumption, due in part to a government policy allowing rice for animal feed from 2016- 2019. The rice animal feed policy resulted in the use of 1.6 MMT (milled) of rice for feed purposes. In 2020, the Korean government eliminated this policy to secure sufficient rice stocks for possible food aid including a planned (but rejected) donation to the DPRK.

Accordingly, MY 2020/21 ending stocks (at the end of October 2021) are forecast to increase to 1.4 MMT, or 34.8 percent of total consumption.

The MY 2019/20 ending stock forecast (at the end of October 2020) is revised up to 1.3 MMT, a 17 percent increase from the previous year due to the aforementioned government policy changes.

Table 48

<b>Korea: Status of Rice Stocks</b>						
(Milled rice, 1,000 MT, as of end October)						
Rice Year (Nov.-Oct.)	2015/16	2016/17a/	2017/18b/	2018/19c/	2019/20c/	2020/21c/
Total Stock	1,831	2,000	1,560	1,093	1,282	1,397
Government Stock	1,831	2,000	1,560	1,093	1,282	1,397
Total Domestic Consumption	4,212	4,435	4,746	4,572	4,102	3,992
Stock to Use Ratio (%)	43.5	45.1	32.9	23.8	31.3	34.8

Source: FAS/Seoul Estimate based on MAFRA data

a/ MAFRA Revised

b/ MAFRA Preliminary

c/ FAS/Seoul forecast

### Production, Supply and Distribution Data Statistics:

#### Rice PS&D

Rice, Milled Market Begin Year Korea, Republic of	2018/2019		2019/2020		2020/2021	
	Nov 2018		Nov 2019		Nov 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	738	738	730	730	0	724
Beginning Stocks	1560	1560	949	1093	0	1282
Milled Production	3868	3868	3744	3744	0	3750

<b>Rough Production</b>	5157	5195	4992	5016	0	5135
<b>Milling Rate (.9999)</b>	7500	7446	7500	7464	0	7400
<b>MY Imports</b>	286	290	550	600	0	410
<b>TY Imports</b>	292	297	550	600	0	410
<b>TY Imp. from U.S.</b>	147	151	0	200	0	140
<b>Total Supply</b>	5714	5718	5243	5437	0	5492
<b>MY Exports</b>	53	53	55	53	0	53
<b>TY Exports</b>	53	53	55	53	0	53
<b>Consumption and Residual</b>	4712	4572	4450	4102	0	3992
<b>Ending Stocks</b>	949	1093	738	1282	0	1397
<b>Total Distribution</b>	5714	5718	5243	5437	0	5492
<b>Yield (Rough)</b>	6.9878	7.0393	6.8384	6.8712	0	7.0925
(1000 HA) ,(1000 MT) ,(MT/HA)						

<b>Korea: Import Trade Matrix of Rice</b>			
<b>Country</b>	Korea, Republic of		
<b>Commodity</b>	Rice, Milled		
<b>Time Period</b>	<b>Jan/Dec</b>	<b>Units:</b>	<b>1,000MT</b>
<b>Imports for:</b>	<b>2018</b>		<b>2019</b>
U.S.	91	U.S.	151
Others		Others	
China	144	China	139
Thailand	18	Thailand	0
Australia	9	Australia	0
Vietnam	124	Vietnam	7
Total for Others	295		146
Others not Listed	0		0
Grand Total	386		297

Source: Korea Customs Service (KCS)

## Appendix

Table 49

<b>Korea: Monthly Wholesale Price of Milled Rice (High Quality)</b>						
Month\Year	CY 2018		CY 2019		CY 2020	
	Won/kg	USD/kg	Won/kg	USD/kg	Won/kg	USD/kg
January	1,994	1.87	2,469	2.20	2,355	2.02
February	2,094	1.94	2,469	2.20	2,353	1.97
March	2,174	2.03	2,470	2.18	2,355	1.95
April	2,234	2.09	2,464	2.16	na	na
May	2,227	2.07	2,459	2.08	na	na
June	2,236	2.05	2,452	2.09	na	na
July	2,286	2.04	2,449	2.08	na	na
August	2,299	2.05	2,450	2.03	na	na
September	2,330	2.08	2,447	2.06	na	na
October	2,428	2.15	2,307	1.95	na	na
November	2,478	2.20	2,362	2.03	na	na
December	2,469	2.20	2,352	2.00	na	na
<b>Average</b>	<b>2,271</b>	<b>2.07</b>	<b>2,429</b>	<b>2.09</b>	na	na

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Table 50

<b>Korea: Monthly Retail Price of Milled Rice (High Quality)</b>						
Month\Year	CY 2018		CY 2019		CY 2020	
	Won/kg	USD/kg	Won/kg	USD/kg	Won/kg	USD/kg
January	2,167	2.03	2,665	2.38	2,586	2.22
February	2,215	2.06	2,662	2.37	2,586	2.17
March	2,286	2.14	2,658	2.35	2,579	2.13
April	2,368	2.22	2,653	2.33	na	na
May	2,367	2.20	2,645	2.24	na	na
June	2,380	2.18	2,634	2.24	na	na
July	2,403	2.14	2,607	2.22	na	na
August	2,443	2.18	2,598	2.15	na	na
September	2,473	2.20	2,580	2.17	na	na
October	2,664	2.36	2,554	2.16	na	na
November	2,678	2.38	2,585	2.22	na	na
December	2,676	2.39	2,618	2.23	na	na
<b>Average</b>	<b>2,427</b>	<b>2.21</b>	<b>2,622</b>	<b>2.25</b>	na	na

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Table 51

<b>Korea: Foreign Exchange Rate</b> (Korean Won against USD)			
Month	CY 2018	CY 2019	CY 2020
January	1,065	1,121	1,165
February	1,077	1,121	1,194
March	1,070	1,131	1,210a/
April	1,067	1,140	na
May	1,075	1,182	na
June	1,092	1,174	na
July	1,122	1,175	na
August	1,120	1,208	na
September	1,122	1,190	na
October	1,130	1,183	na
November	1,126	1,166	na
December	1,122	1,175	na
Average	1,099	1,164	na

Source: Global Financial Service

a/ March 1-20

**Attachments:**

No Attachments