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Report Highlights:

FAS Seoul's MY 2020/21 Korean rice production forecast is 3.86 million metric tons (MMT) – up three percent from the initial estimate – due to higher than expected actual planted area. Consumption estimates remain unchanged. For imports, COVID-19 related logistical issues are expected to increase the portion of 2020 TRQ delivered in the first half of 2021. Therefore MY 2020/21 rice imports are revised up to 500,000 MT (milled basis) from the previous report and MY 2019/20 rice imports are expected to decrease to 500,000 MT (milled basis). Likewise, annual U.S. rice exports in 2020 are expected to decrease to 150,000 MT (milled basis), with the balance of exports rolling into 2021.

Production:

The MY 2020/21 rice production forecast is 3.86 million metric tons (MMT) – up three percent from the initial forecast due to higher than expected planted area (and projected yield) based on the latest Korea Rural Economic Institute (KREI) survey conducted from May 7-13, 2020. Despite the Korean government's attempt to reduce rice paddy area using the rice reduction program, farmers still demonstrate a preference for growing rice because the crop's pricing continues to be subsidized (Table 1 & Figure 1).

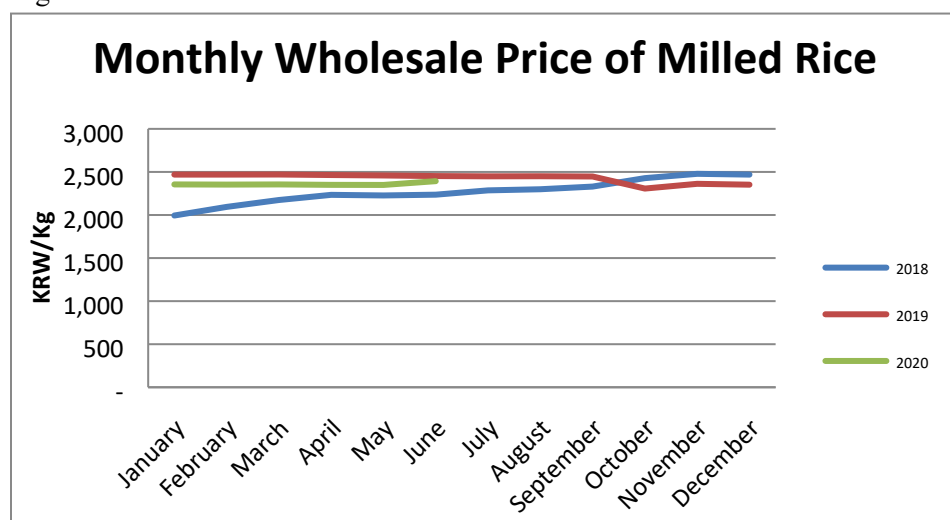
Area

Rice area was revised up to 728,000 ha according to the actual planted acreage survey conducted by KREI, increasing 4,000 ha from the initial forecast and down only 0.3 percent from the previous year. Strong wholesale prices encouraged rice farmers to plant more than expected.

Production Policy:

On April 21, 2020, the Korean government released a new subsidy program for rice producers to replace the existing direct payment program (2005-2019). The Korean government revised the Presidential and Ministerial Decree of the Rice Income Compensation Act (RICA), creating the ‘Public Welfare Direct Payment for Agriculture and Rural Community’ subsidy program. Please refer to [New Direct Payment Program for Korean Rice Producers](#) for more details.

Figure 1



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

Note: refer to Table 11

Table 1

Korea: 2020 Rice Production Forecast		
	2019 Rice Production	2020 Rice Production Forecast ^{1/}
Area (1,000 ha)	730	728 ^{a/}
Yield (kg/ha)	5,131	5,300 ^{b/}
Production (1,000MT)	3,744	3,857

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

a/ KREI survey for May 7-13, 2020

b/ average yield

Table 2

Korea: Rice Area, Yield and Production			
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	728 ^{a/}	5,300 ^{b/}	3,857

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

a/ KREI survey for May 7-13, 2020

b/ average yield

Consumption:

FAS Seoul estimates for consumption remain unchanged from the previous report.

The Korean government stopped distributing old rice for animal feed use effective January 2020, and as result for the first six months in MY 2019/20 Korean feed millers consumed only 75,275 MT of brown rice for animal feed (67,748 MT, milled), down 75 percent from the same period of the previous marketing year. Total feed consumption is expected to reach about 70,000 MT (milled) as FAS Seoul projected in the initial forecast (Tables 3 & 4).

Table 3

Korea: Rice Utilization Pattern
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(1,000 MT, milled)				
Rice Year (November – October)	MY 2016/17 ^{a/}	MY 2017/18 ^{b/}	MY 2018/19 ^{c/}	MY 2019/20 ^{c/}
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 4

Korea: Rice Consumption for Animal Feed									
(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	3,822	0	3,822

March	62,448	0	62,448	51,147	26	51,173	1,897	0	1,897
April	64,516	0	64,516	42,124	6	42,130	1,042	0	1,042
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
Total	718,763	8,084	726,847	512,804	18,474	531,278	71,356	3,919	75,275
Total (milled)	646,887	7,276	654,162	461,523	16,627	478,150	64,220	3,527	67,747

Source: Korea Feed Association (KFA)

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

Trade

Imports:

MY 2020/21 rice imports are revised up to 500,000 MT (milled basis) from the previous report as COVID-19 related exporter logistical issues are expected to increase the portion of 2020 TRQ delivered in the first half of 2021.

In MY 2019/20, rice imports are expected to decrease to 500,000 MT (milled basis) due to actual delivery of a major portion of the 2020 TRQ rolling over into the following year. Likewise, annual U.S. rice exports in 2020 are expected to decrease to 150,000 MT (milled basis).

2020 TRQ Tendering Process:

In 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 2020.

Within the rice TRQ, Korea established a country-specific quota (CSQ) for each of the other parties. Korea allocated the following CSQ volumes on a milled rice basis to each country that was party to the rice tariffication agreement:

United States: 132,304 MT

China: 157,195 MT
 Vietnam: 55,112 MT
 Thailand: 28,494 MT
 Australia: 15,595 MT
 Most-Favored Nation (MFN): 20,000 MT

Under the 2020 TRQ thus far, Korea has purchased for delivery in 2020 132,994 MT or 33 percent of the total TRQ as shown in the Table 5. However, actual delivery for the remainder of the TRQ (two thirds) is expected to occur in the first half of 2021.

The United States has sold just 20,000 MT (milled) of the 2020 TRQ so far, due to the slower pace of the bidding process caused by COVID-19, which has also affected imports from Vietnam. Australia has had reduced supply for export following consecutive droughts. while China and Thailand have so far been able to sell at a normal pace with stable and competitive rice market prices. aT plans to hold buying tenders targeting the new crop of U.S. medium grain rice to be delivered in 2021.

Table 5

Korea: Updated Rice Contracts Status by Country under 2020 CSQ/MFN TRQ (Metric Ton, milled, as of June 23, 2020)				
Country	Allocated TRQ	Contracts	Open	Contractual Rate
USA	132,304	20,000	112,304	15
China	157,195	157,195	0	100
Vietnam	55,112	0	55,112	0
Thailand	28,494	26,994	1,500	95
Australia	15,595	0	15,595	0
MFN	20,000	0	20,000	0
Total	408,700	204,189	204,511	50

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

Auctions for Imported Table Rice:

The Korea Agro-Fisheries & Food Trade Corporation (aT) sells imported table rice shipments to consumer distribution channels through a public auction system. 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.

Under the 2017 TRQ regime, Korea imported 37,000 MT of 2017 crop U.S. #1 medium grain milled rice for table use in the first half of 2018 and started auctions on Jan. 23, 2019. The Korean government suspended auctions on January 6, 2020 due to deteriorating quality after auctioning off 23,454 MT or 63 percent of total U.S. medium grain milled rice for table purposes. The unsold portion of U.S. medium grain is still sitting in the warehouse for conversion to alcohol processing because it is reportedly too rancid to sell for consumer table use (Table 7)

Under the 2018 TRQ regime, Korea imported 37,000 MT of 2018 crop U.S. #1 medium grain milled rice in the first half of 2019 and 2,800 MT of Vietnamese #1 long grain milled rice in December 2018. As of June 10, 2020, 9,018 MT of U.S. medium grain rice has been auctioned off (24 percent of total imported milled rice) while auctions for Vietnamese long grain milled rice was completed June 1, 2020 (Table 8).

Under the 2019 TRQ, Korea imported 37,000 MT of 2019 crop U.S. #1 medium grain milled rice in the first half of 2020 and 3,000 MT of Vietnamese #1 long grain milled rice in April 2020, respectively. As of June 1, 2020, aT started auctioning Vietnamese long grain milled rice with U.S. medium grain rice sitting in storage until the completion of the 2018 TRQ auctions. (Table 9).

Table 6

Korea: Status of Table Rice Imports and Distribution					
(MT, Milled rice)					
TRQ (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 ^{a/}	22	38,121	24,934
2009	306,964	79,810 ^{b/}	26	45,007	34,803
2010	327,311	98,193 ^{c/}	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 ^{d/}	30	65,072	57,538
Total	3,171,376	799,785	25	676,893	122,892
TRQ Regime (Since 2015)					
2015	408,700	60,000 ^{e/}	15	7,041	52,959
2016	408,700	50,000 ^{f/}	12	26,310	23,690
2017	408,700	40,000 ^{g/}	10	25,914	14,086
2018	408,700	39,800 ^{h/}	9.7	11,808	na
2019	408,700	40,000 ^{i/}	10	16	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 U.S. medium grain since Jan. 13, 2020 with Vietnamese long grain auctions completed on June 1, 2020](#)

i/ consisting of 3,000 MT of Vietnamese long grain delivered in April 2020 and 37,000 MT of U.S. medium grain delivered during February - June 2020 based on contracts. [Ongoing selling auctions for Vietnamese long grain since June 10, 2020.](#)

Table 7

Korea: Status of Rice Auction for Table Rice under 2017 TRQ
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(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
Total		40,000	25,914	14,086	65	

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 deteriorating quality, [the remainder will be converted to alcohol processing.](#)

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

Table 8

Korea: Status of Rice Auction for Table Rice under 2018 TRQ						
(Unit: metric tons, milled basis, as of June 10, 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	9,018	27,982	24	1,792
Vietnamese Long Grain3/ (Aug 26, 2019~June 1, 2020)	#1	2,800	2,790	10	100	1,308
Total		39,800	11,808	27,992	30	

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, completed selling auctions as of June 1, 2020

Table 9

Korea: Status of Rice Auction for Table Rice under 2019 TRQ						
(Unit: metric tons, milled basis, as of June 10, 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 3/ (June 10, 2020~)	#1	3,000	16	2,984	1	1,143
Total		40,000	16	39,984	na	na

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

1/ Weighted average in Korean Won per Kg

2/ delivered in the first half of 2020, sitting in the storage for next selling auction soon after completing selling auctions for medium grains imported under the 2018 TRQ.

3/ delivered in April 2020. Ongoing selling auctions since June 10, 2020

Exports:

Under the Food Assistance Convention (FAC), Korea shipped 50,000 MT of 2018 crop domestic rice (milled) to four countries in Africa and the Middle East in May 2020: 19,000 MT to Yemen, 16,000 MT to Ethiopia, 10,000 MT to Kenya, and 5,000 MT to Uganda. Korea shipped of 16,000 MT (milled) to Ethiopia drawing from the 2018 rice crop from Mokpo Port on May 16, 2020, the second shipment of 19,000 MT to Yemen from Kunsan Port on May 19, and a third shipment of 15,000 MT, which was delivered to Kenya and Uganda, from Ulsan Port on May 26, 2020.

Table 10

Korea: Rice Exports		
(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
2020	53,000c/	na	na	na

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

c/ FAS estimates which includes 50,000 MT of food assistance in 2020

Stocks:

In 2020, the Korean government decided to stop distributing old rice for animal feed. The Korean government eliminated this policy to secure sufficient rice stocks to prepare for possible food aid including a planned (but rejected) donation to the DPRK.

MY 2020/21 ending stocks (by the end of October 2021) are revised up to 1.5 MMT, or 37.4 percent of total consumption, increasing 12 percent from the previous forecast due to a higher estimated 2020 rice production than projected in the previous report (based on the KREI planting survey) as well as an anticipated increase of imports delivered in the first half of 2021 under the 2020 TRQ because of COVID 19.

The MY 2019/20 ending stock forecast (by the end of October 2020) is revised down to 1.18 MMT, an 8 percent decrease from the previous forecast due to expected deferred shipments for some contracts under the 2020 TRQ attributable to COVID-19.

Table 11

Korea: Status of Rice Stocks						
(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	1,182	1,494
Government Stock	1,831	2,000	1,560	1,093	1,182	1,494
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	38.8	37.4

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	2018/2019		2019/2020		2020/2021	
	Nov 2018		Nov 2019		Nov 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Year Begins						
Korea, Republic of						
Area Harvested (1000 HA)	738	739	730	730	730	728
Beginning Stocks (1000 MT)	1560	1560	1093	1093	1232	1182
Milled Production (1000 MT)	3868	3868	3744	3744	3744	3857
Rough Production (1000 MT)	5157	5195	4992	5016	4992	5177
Milling Rate (.9999) (1000 MT)	7500	7446	7500	7464	7500	7450
MY Imports (1000 MT)	290	290	550	500	409	500
TY Imports (1000 MT)	297	297	550	500	409	500

TY Imp. from U.S. (1000 MT)	151	151	0	150	0	160
Total Supply (1000 MT)	5718	5718	5387	5337	5385	5539
MY Exports (1000 MT)	53	53	55	53	55	53
TY Exports (1000 MT)	53	53	55	53	55	53
Consumption and Residual (1000 MT)	4572	4572	4100	4102	4000	3992
Ending Stocks (1000 MT)	1093	1093	1232	1182	1330	1494
Total Distribution (1000 MT)	5718	5718	5387	5337	5385	5539
Yield (Rough) (MT/HA)	6.9878	7.0298	6.8384	6.8712	6.8384	7.1113
(1000 HA) ,(1000 MT) ,(MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2020/2021 = January 2021 - December 2021						

Table 12

Korea: Monthly Wholesale Price of Milled Rice						
(High Quality)						
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	1.93
April	2,234	2.09	2,464	2.16	2,350	1.92
May	2,227	2.07	2,459	2.08	2,349	1.92
June	2,236	2.05	2,452	2.09	2,393	1.97
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
Average	2,271	2.07	2,429	2.09	na	na

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Table 13

Korea: Monthly Retail Price of Milled Rice						
(High Quality)						
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	2,578	2.12
April	2,368	2.22	2,653	2.33	2,575	2.11
May	2,367	2.20	2,645	2.24	2,581	2.11
June	2,380	2.18	2,634	2.24	2,580	2.13
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
Average	2,427	2.21	2,622	2.25	na	na

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Table 14

Korea: Foreign Exchange Rate			
(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	1,218
April	1,067	1,140	1,223
May	1,075	1,182	1,226
June	1,092	1,174	1,212a/
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/ June 1-11

Attachments:

No Attachments