Required Report: Required - Public Distribution **Date:** November 04, 2024

Report Number: KS2024-0026

Report Name: Grain and Feed Update

Country: Korea - Republic of

Post: Seoul

Report Category: Grain and Feed

Prepared By: Yoona Jeon

Approved By: Shoshana Griffith

Report Highlights:

Market share of U.S. corn in South Korea is expected to remain strong in MY 2024/25 after rebounding to 20 percent in MY 2023/24. Domestic rice production continues its slow decline as the government incentivizes farmers to switch to planting alternate crops. Korea will continue to rely on imports for 98 percent of milling wheat, with domestic production falling well below government self-sufficiency targets. Record exports of K-food products and a stable feed market sustain Korea's grain consumption, as growth in the food processing sector counters demographic trends and declining rice consumption.

Contents

Executive Summary

Wheat

Total wheat production in marketing year (MY) 2024/25 has been adjusted down to 36,000 metric tons (MT) due to significant yield damage caused by unfavorable weather during the growing season. While far below government targets for domestic wheat production, this level still exceeds MY 2022/23 production.

Total wheat consumption is forecast down by 9 percent in MY 2024/25, driven by decreased demand for feed wheat. In MY 2024/25, feed wheat consumption is forecast 19 percent below MY 2023/24, as competitive corn prices drive substitution away from feed wheat. Steady demand for milling wheat, supported by the growing global popularity of Korean ramen noodles, will temper the impact on overall wheat consumption.

Corn

Market share of U.S. corn rebounded sharply in MY 2023/24, breaking out of a 2-year straight decline. Corn imports from the United States represented 20 percent of feed corn and 18 percent of corn for processing. The recovery in U.S. food corn is directly related to Korea’s revision of the maximum residue level (MRL) for malathion in fall 2023. Market share and import volumes of U.S. corn are expected to remain at similar levels in MY 2024/25 if current relative prices hold.

Rice

In MY 2024/25, rice production is forecast just below 3.7 million metric tons (MMT) (milled basis) on continued reductions in planted area, as farmers respond to government incentives to replace rice with other crops. Yield remained stable despite a prolonged summer heat wave and extensive pest infestation affecting 34,000 hectares of rice cropland.

In calendar year (CY) 2024, the tendering pace of the U.S. rice country specific quota (CSQ) accelerated compared to normal years. However, the distribution of U.S. table rice via weekly auctions has been halted since November 2023. Distribution of imported table rice on the local market remains politically contentious. The Korean government is faced with the challenge of reconciling the continuously falling domestic rice price with managing surplus rice supplies amid declining domestic consumption.

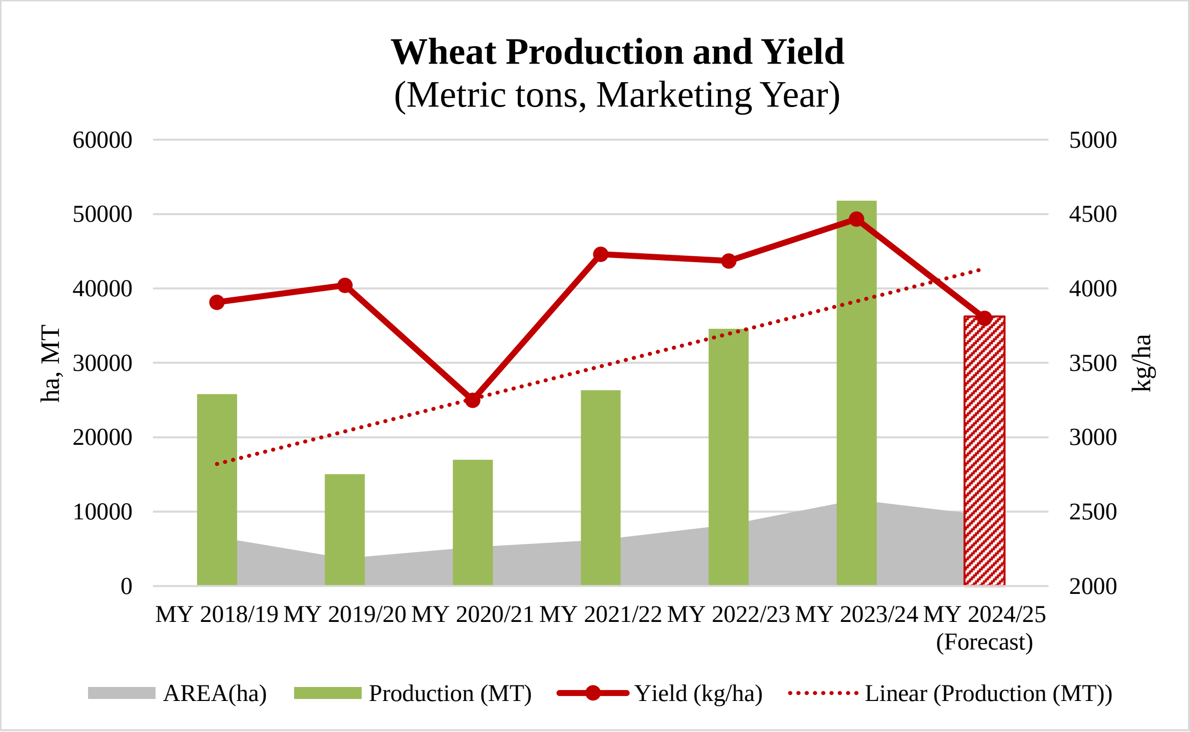
Wheat

Wheat Production

South Korea's MY 2024/25 (July 1-June 30) wheat production is revised significantly down from the previous report to 36,000 metric tons (MT) on lower area harvested and a 15 percent yield reduction. Based on the planting results survey released by Statistics Korea (KOSTAT) in June 2024, area harvested has been revised down to 10,000 hectares (ha). Winter wheat planting in October 2023 was interrupted by frequent rain, according to local news reports. In July 2024, the Rural Development Administration (RDA), an agency under the Ministry of Agriculture, Food, and Rural Affairs (MAFRA), announced that wheat yields were expected to drop significantly due to unfavorable weather during the growing season. Frost in March, followed by heavy rains and lack of sunlight from April through June, was compounded by pest damage. Yield in MY 2024/25 is forecast down to 3,800 kg/ha, from 4,466 kg/ha the previous year.

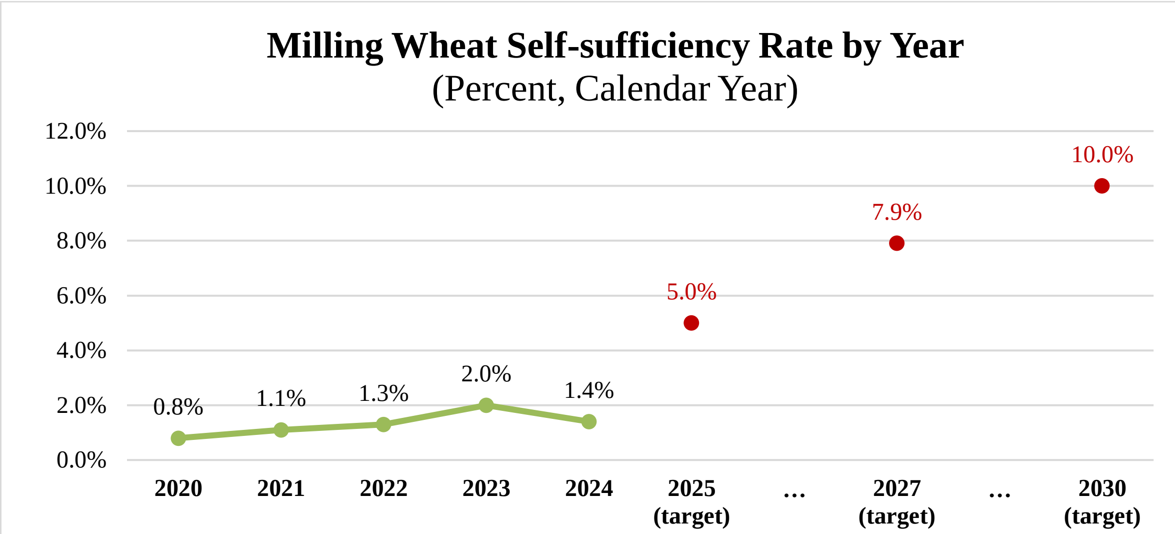
The Korean government aims to increase domestic wheat production to 120,000 MT by 2025, with a target food wheat self-sufficiency rate of 5 percent, compared to the current 2 percent. The targeted acreage under the plan in MY 2024/25 was 25,000 ha, versus the revised estimate of 10,000 ha. However, the MY 2024/25 production level is still higher than average years. The decrease is unlikely to affect the local industry overall, as domestically produced wheat has not yet established a stable marketing channel and the price of domestic wheat remains higher than imported wheat.

Figure 1
Korean Wheat Production



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

Figure 2
Self-sufficiency Targets for Domestic Milling Wheat



Sources: MAFRA press release (Target); industry sources (Actual); 2023 and 2024 are preliminary official government data (as of October 2024)

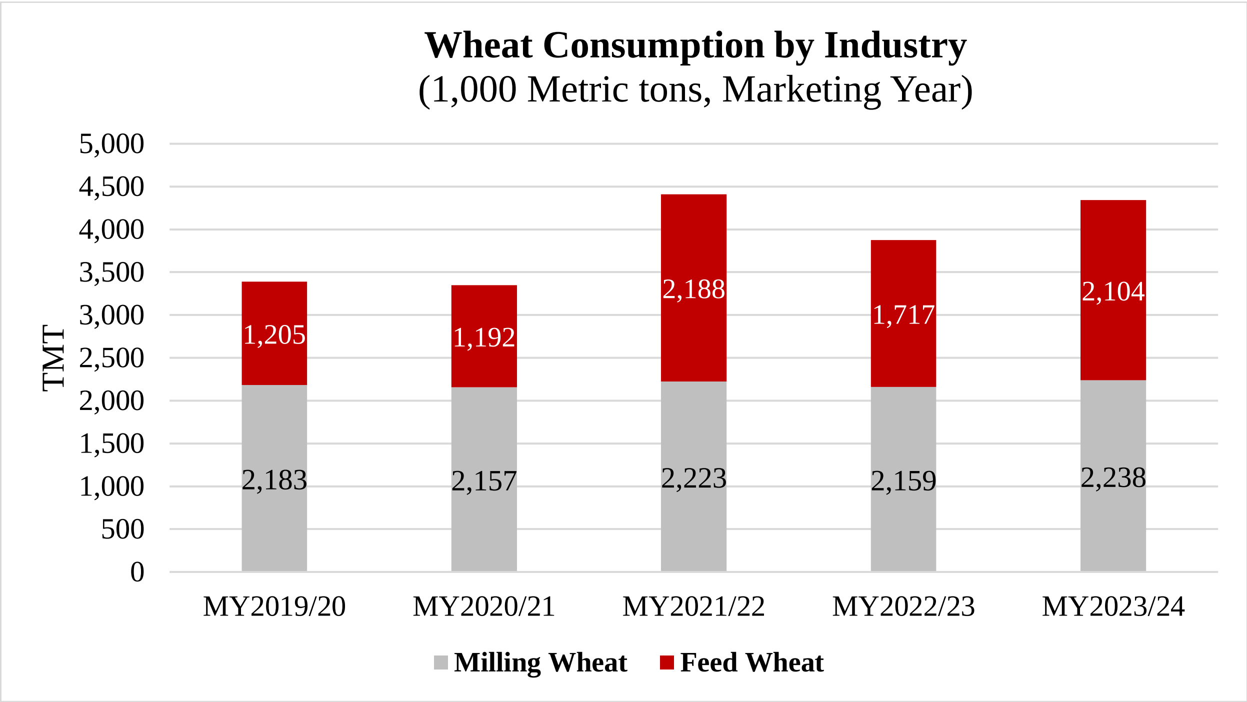
Wheat Consumption

Post Seoul forecasts total wheat consumption in MY 2024/25 will drop 9 percent below MY 2023/24 to 4.2 MMT, unchanged from the previous report. On a year-on-year basis, feed wheat consumption is forecast down 19 percent due to high prices compared to feed corn. Korea heavily relies on imports for both food and feed wheat. With reduced total exportable supplies from primary suppliers in the global market in MY 2024/25, feed wheat consumption is forecast down to 1.7 MMT from 2.1 MMT, being replaced by other more competitive feedstocks, mainly feed corn.

Meanwhile, MY 2024/25 food, seed, and industrial (FSI) consumption will remain steady, reflecting the global popularity of Korean instant noodles. As one potential threat to FSI consumption of wheat, local companies have launched new products such as instant noodles, breads, and snacks, made from rice flour instead of wheat. Nonetheless, increased usage in other FSI sectors supports stable wheat consumption.

As part of the Korean government's long-term plan to foster the domestic wheat industry, a new milling facility in Gumi, North Gyeongsang Province, was built this year with an investment of 4.9 billion Korean won (KRW, equivalent to $3.7 million). This new plant is capable of producing 60 MT of wheat flour per day and is equipped with drying facilities and cold storage. The municipal government of Gumi aims to increase wheat production acreage to 600 ha from its current 125 ha, contributing to the overall production increase nationwide.

Figure 3
Wheat Consumption for Milling and Feed



Source: Korea Feed Association (KFA), Korea Flour Millers Industrial Association (KOFMIA)

Wheat Trade

Post Seoul forecasts total MY 2024/25 wheat imports unchanged from the previous report at 4.6 MMT, including flour and pasta imports on a wheat equivalent basis.

Milling Wheat

Korean buyers prefer to source from the United States, Australia, and Canada for milling wheat due to the consistent value and quality reputation of those origins, and corresponding customer preferences. Post Seoul forecasts MY 2024/25 milling wheat imports will remain at a similar level to or slightly higher than previous years, primarily amid growing popularity of Korean food, especially instant ramen noodles. According to local and foreign media, this year Korean ramen exports are projected to surpass $1 billion, up from $952 million in 2023 (See Korean Instant Noodle Giant Expands Logistics Reach To Meet Voracious Demand For Ramen, Forbes, June 17, 2024). According to Korea Statistics, the monthly export value of Korean ramen in April 2024 exceeded $108.6 million, a record in its history. Considering that there are additional supplies of Korean ramen manufactured in overseas plants, the total demand for these products is probably much higher than the volume exported from Korea.

Table 1
Imports of Milling Wheat by Origin

Imports of Milling Wheat by Country (1,000 Metric Tons, Marketing Year)				
Country	MY 2021/22	MY 2022/23	MY 2023/24	YoY (Change)
United States	1,178	1,162	1,240	79
(Percent of)	46	44	47	+3p
Australia	1,149	1,244	1,176	-68
Canada	224	227	206	-20
Others	8	8	6	-2
World	2,559	2,640	2,629	-11

Source: Korea Customs Service (KCS)

Feed Wheat

Eastern Europe, Russia, Australia, and others are the major suppliers of feed wheat to Korea, while the market share of each country varies depending on price differences. While rare, abundant exportable amounts of affordably priced feed wheat from the United States in spring 2024 encouraged local buyer groups to purchase U.S. feed wheat, with shipments totaling 170,000 MT delivered to Korea from July to September 2024.

Australia represented 70 percent of total feed wheat imports to Korea in MY 2022/23, but other countries replaced Australian feed wheat in MY 2023/24. The aggregate market share of major Eastern European countries – Ukraine, Romania, Bulgaria, and Russia – surged to 66 percent. It is expected that local buyer groups will continue to rely on supplies from Eastern Europe in MY 2024/25, although volumes may be lower due to the shift to feed corn.

Feed wheat consumption in MY 2023/24 has been revised up from the previous report to 2.1 MMT. Imports through early 2024 rose more than expected, as buyers increased their purchases in response to declining feed wheat prices throughout 2023. This was a temporary spike and imports in MY 2024/25 are expected to be down below the normal years.

Table 2
Imports of Feed Wheat by Origin

Imports of Feed Wheat by Country (1,000 Metric Tons, Marketing Year)				
Country	MY 2021/22	MY 2022/23	MY 2023/24	YoY (Change)
Bulgaria	492	52	462	410
Australia	383	1,163	412	-750
Ukraine	389	75	682	607
Romania	346	0	197	197
United States	121	65	2	-63
(Percent of)	5	4	0	-4p
Russia	66	65	72	7
Others	540	264	311	47
World	**2,337**	**1,683**	**2,138**	**456**

Source: Korea Customs Service (KCS)

Flour Trade

Post Seoul forecasts MY 2024/25 wheat flour and pasta imports will remain flat at around 20,000 MT and 190,000 MT (wheat equivalent), respectively. Meanwhile, total wheat flour and pasta exports continue to increase and are expected to reach 500,000 MT in MY 2023/24, growing further to 548,000 MT in MY 2024/25. Key export markets for Korean pasta have diversified, with 11 countries importing more than 10,000 MT annually, including China, the United States, Netherlands, Japan, United Kingdom, Australia, Malaysia, Thailand, Philippines, and Canada.

Table 3
Wheat Flour Imports

Wheat Flour Imports (H.S.: 1101) (Metric Tons, Marketing Year)					
Country	MY 2019/20	MY 2020/21	MY 2021/22	MY 2022/23	MY 2023/24
USA	469	676	1,300	785	630
Total	13,498	11,890	14,979	15,263	14,803
Total (Wheat Basis1/)	**18,465**	**16,266**	**20,491**	**20,880**	**20,251**

Source: Korea Customs Service (KCS); 1/ applied conversion factor: 1.368

Table 4
Pasta Imports (H.S.: 190219, 190230, 190240)

Pasta Imports (H.S.: 190219, 190230, 190240) (Metric Tons, Marketing Year)					
Country	MY 2019/20	MY 2020/21	MY 2021/22	MY 2022/23	MY 2023/24
USA	479	637	521	396	431
Total	116,753	129,387	131,206	136,659	142,772
Total (Wheat Basis1/)	**159,718**	**177,001**	**179,490**	**186,950**	**195,312**

Source: Korea Customs Service (KCS); 1/ applied conversion factor: 1.368

Table 5
Wheat Flour Exports (H.S.: 1101)

Wheat Flour Exports (H.S.: 1101) (Metric Tons, Marketing Year)					
Country	MY 2019/20	MY 2020/21	MY 2021/22	MY 2022/23	MY 2023/24
USA	8,585	7,084	8,297	6,494	9,543
Total	45,460	42,657	46,928	26,365	24,246
Total (Wheat Basis[1/])	**62,189**	**58,355**	**64,198**	**36,067**	**33,169**

Source: Korea Customs Service (KCS); 1/ applied conversion factor: 1.368

Table 6
Pasta Exports (H.S.: 190219, 190230, 190240)

Pasta Exports (H.S.: 190219, 190230, 190240) (Metric Tons, Marketing Year)					
Country	MY 2019/20	MY 2020/21	MY 2021/22	MY 2022/23	MY 2023/24
USA	38,619	45,968	48,448	45,728	55,632
Total	220,730	242,209	276,231	288,083	342,252
Total (Wheat Basis[1/])	**301,959**	**331,342**	**377,884**	**394,098**	**468,201**

Source: Korea Customs Service (KCS); 1/ applied conversion factor: 1.368

Table 7
Production, Supply and Distribution: Wheat

Wheat	**2022/2023**		**2023/2024**		**2024/2025**	
Market Year Begins	**Jul 2022**		**Jul 2023**		**Jul 2024**	
Korea, Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	8	8	12	12	14	10
Beginning Stocks (1000 MT)	1582	1582	1618	1600	1889	1525
Production (1000 MT)	35	35	52	52	60	36
MY Imports (1000 MT)	4533	4531	4990	4983	4400	4624
TY Imp. from U.S. (1000 MT)	1332	1226	1381	1242	N/A	N/A
Total Supply (1000 MT)	6150	6148	6660	6635	6349	6185
MY Exports (1000 MT)	430	430	501	501	480	548
Feed and Residual (1000 MT)	1699	1717	1820	2104	1500	1700
FSI Consumption (1000 MT)	2403	2401	2450	2505	2500	2500
Total Consumption (1000 MT)	4102	4118	4270	4609	4000	4200
Ending Stocks (1000 MT)	1618	1600	1889	1525	1869	1437
Total Distribution (1000 MT)	6150	6148	6660	6635	6349	6185
Yield (MT/HA)	4.375	4.375	4.3333	4.3333	4.2857	3.6
(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 Wheat begins in July for all countries. TY 2024/2025 = July 2024 - June 2025						

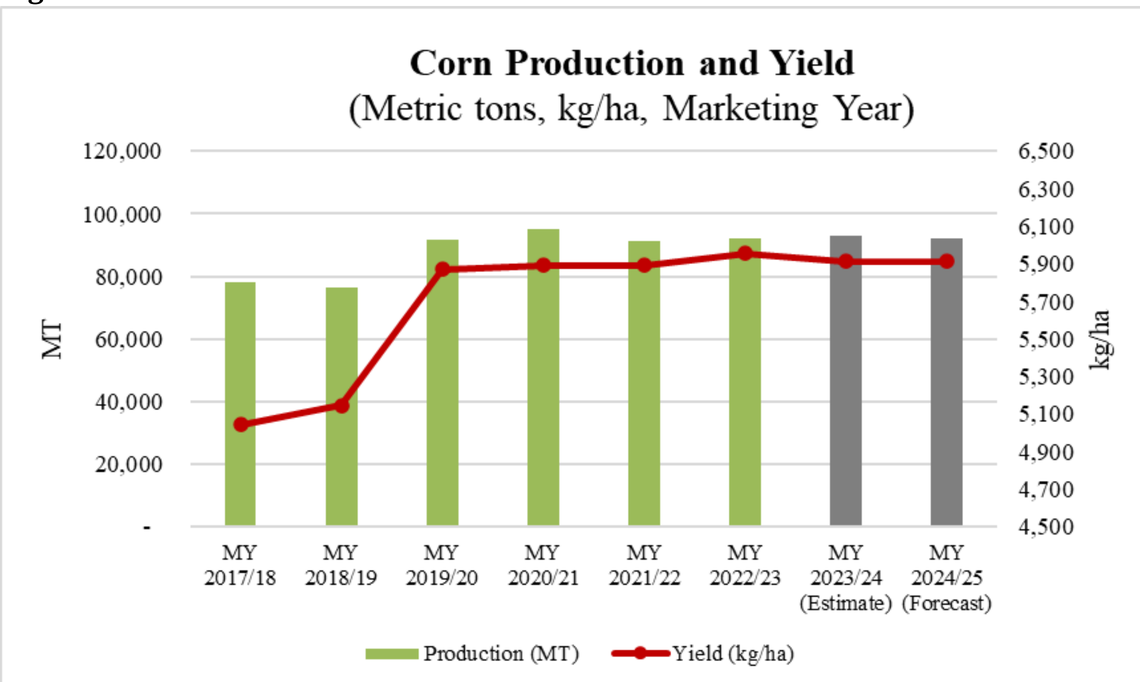
Note: Official USDA data are based on the October 2024 WASDE data

Corn

Corn Production

Post Seoul forecasts MY 2024/25 (October 1-September 30) corn production at 90,000 MT, unchanged from the previous report. Corn production is minimal in Korea and accounts for less than 1 percent of total consumption.

Figure 4



Source: Ministry of Agriculture, Food, and Rural Affairs (MAFRA), Statistics Korea (KOSTAT)
Note: Production in MY 2023/24 and MY 2024/25 is based on FAS/Seoul forecast based on average acreages and yields over the previous three years.

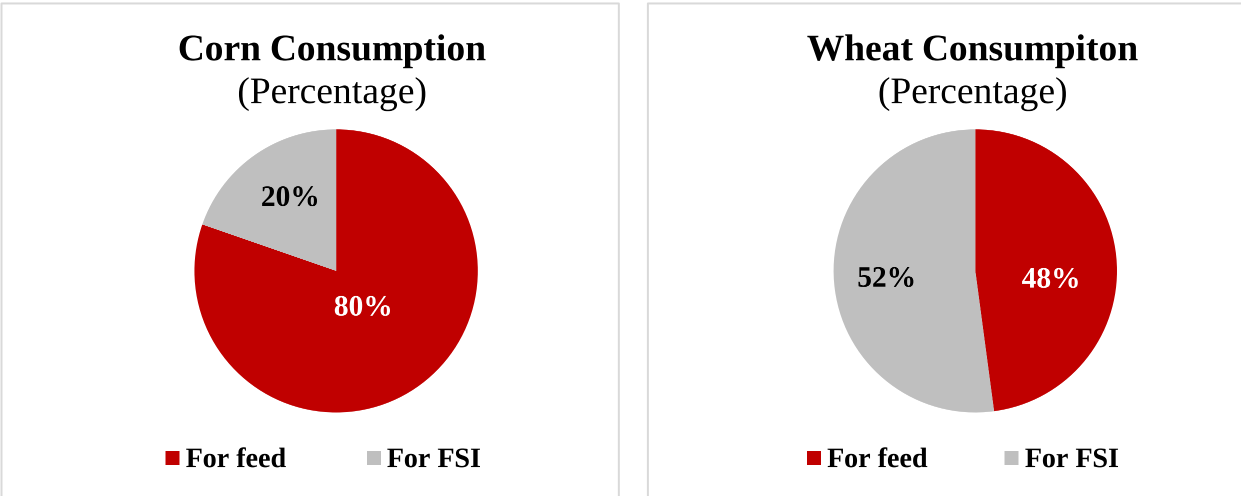
Corn Consumption

Total corn consumption in MY 2024/25 is projected at 11.6 MMT, a similar level to the previous year. Feed corn consumption will remain at about 80 percent of total usage, as unlike wheat, corn is consumed more in the feed industry. Annual usage for food, seed, and industrial (FSI) consumption is stable at around 2.3 MMT.

<u>Types of Corn for Processing</u>

The perceived public concern over biotechnology continues to influence imported processing corn decisions, especially for corn used in food products intended for human consumption. Many food processing companies are reluctant to use ingredients derived from biotech corn to avoid these perceived public concerns. Korean corn processors use genetically engineered (GE) corn, non-biotech identity preserved (IP) corn, and conventional (non-GE) corn to produce corn starch, high fructose corn syrup (HFCS), and corn flour. In general, the GE corn tends to be used for starch production for industrial purposes such as paper sizing and glue, whereas processors favor non-GE IP corn and conventional corn for food use corn starch and corn flour.

Figure 5
Consumption Ratio between Food and Feed for Corn vs. Wheat (as of MY 2023/24)



Source: Local industries' usage record (including preliminary record of calendar year 2024)

Table 8
Feed Ingredients Use for Compound Feed Production

Feed Ingredients Use for Compound Feed Production (1,000 Metric Tons, Marketing Year)					
Items		MY 2020/21	MY 2021/22	MY 2022/23	MY 2023/24
Grains and Grain Substitutes	Corn	9,432	8,989	9,279	9,265
	Wheat	1,351	2,189	1,797	2,031
	Rice	1	3	52	339
	Others	2,581	2,544	2,382	2,474
	Sub-Total	13,364	13,725	13,512	14,110
Vegetable Protein	Soybean Meal [1/]	2,310	2,249	2,023	2,087
	Palm Kernel Meal	912	953	1,008	984
	DDGS	1,056	1,070	1,093	1,245
	Others	934	1,089	1,356	1,208
	Sub-Total	5,211	5,361	5,479	5,524
Animal Protein	Sub-Total	214	217	211	220
Others	Sub-Total	2,013	2,167	2,216	2,218
Grand Total		**20,803**	**21,470**	**21,418**	**22,072**

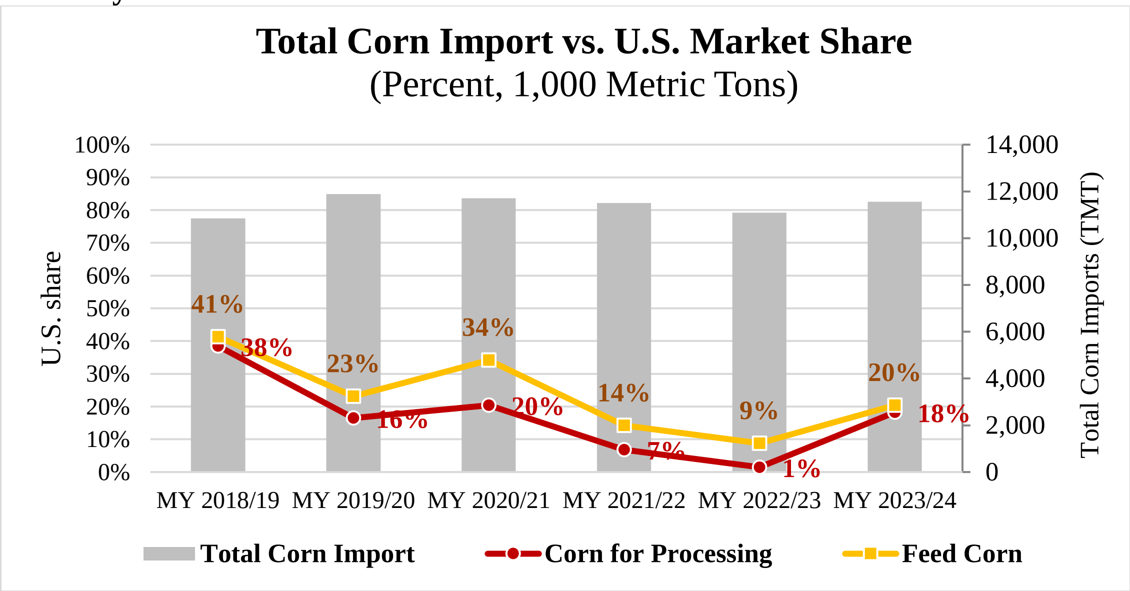
Source: Korea Feed Association (KFA); 1/ includes locally processed de-hulled soybean meal

Corn Trade

Corn imports for MY 2024/25 and MY 2023/24 have been revised up to 11.6 MMT and 11.5 MMT, respectively, from the previous report. As FSI consumption remains steady year-on-year, changes in trade have mostly been driven by corn for feed. Feed corn and feed wheat substitute for each other, and imports vary on the price gap between the two commodities. According to local industry contacts, large feed ingredient buyer groups have been actively purchasing feed corn over feed wheat this year, and these buyers have not purchased any more feed wheat since July 2024.

With a competitive international price of feed corn compared to feed wheat, especially with more exportable supplies coming from the United States, the U.S. market share of corn finally reached 20 percent in MY 2023/24, breaking out of a precipitous decline. The majority of the increase happened in feed corn imports, whose buyers are more price-conscious, but purchases of corn for food and industrial processing also recovered. Looking ahead to MY 2024/25, the United States can be expected to maintain, if not grow, its share back to pre-2020 levels, which were often 20-40 percent, depending on global prices.

Figure 6
Recovery in U.S. Corn Market Share



Source: Korea Customs Service (KCS)

Food, Seed, and Industrial (FSI) Corn

In the FSI processing sector, Korean buyers import GE corn from the United States and South America, and non-GE corn mostly from Eastern Europe. In general, corn from the Americas and Eastern European corn are not considered interchangeable, as they target different market segments of FSI processing.

The U.S. market share of FSI corn recovered to 18 percent in MY 2023/24 due to its price competitiveness and the resolution of a maximum residue limit (MRL) issue that caused the U.S. share of total FSI corn to drop below 2 percent in MY 2022/23. Following a positive malathion detection in May 2022, MRL concerns discouraged Korean processors from sourcing U.S. food corn. In August 2023, the Ministry of Food and Drug Safety (MFDS) increased the import tolerance of malathion from 0.03ppm to 2.0ppm, which opened the door to renewed U.S. food corn purchases.

Despite Russia's withdrawal from the Black Sea Grain Initiative in July 2023, Korea's import volume of Black Sea corn has been maintained through alternative routes via neighboring counties (Romania) and other suppliers in Eastern Europe (including Serbia and Bulgaria). Imports from Ukraine in MY 2023/24 were significantly down year-on-year, but still the second highest during the last 10 years. Imports from Ukraine in MY 2022/23 were exceptionally high due to lower production from other Eastern European countries.

Table 9
Corn for Processing Imports by Country

Corn for Processing Imports by Country (1,000 Metric Tons, Metric Tons, Marketing Year)						
	Quantity			Unit Price		
Country	MY 2022/23	MY 2023/24	YoY (Changes)	MY 2022/23	MY 2023/24	YoY (Percent)
Brazil	251	185	-66	377	274	-27
Romania	275	364	89	343	268	-22
Bulgaria	20	61	41	317	280	-12
Serbia	10	346	336	380	267	-30
USA	30	407	377	507	267	-47
(Percent of Total)	*(1.5)*	*(18.3)*	*(+16.8p)*	*N/A*	*N/A*	*N/A*
Ukraine	1,208	612	-596	346	265	-23
Russia	132	149	16	332	272	-18
Others	133	107	-25	334	343	3
Total	**2,059**	**2,231**	**173**	**350**	**272**	**-22**

Source: Korea Customs Service (KCS)

<u>Feed Corn</u>

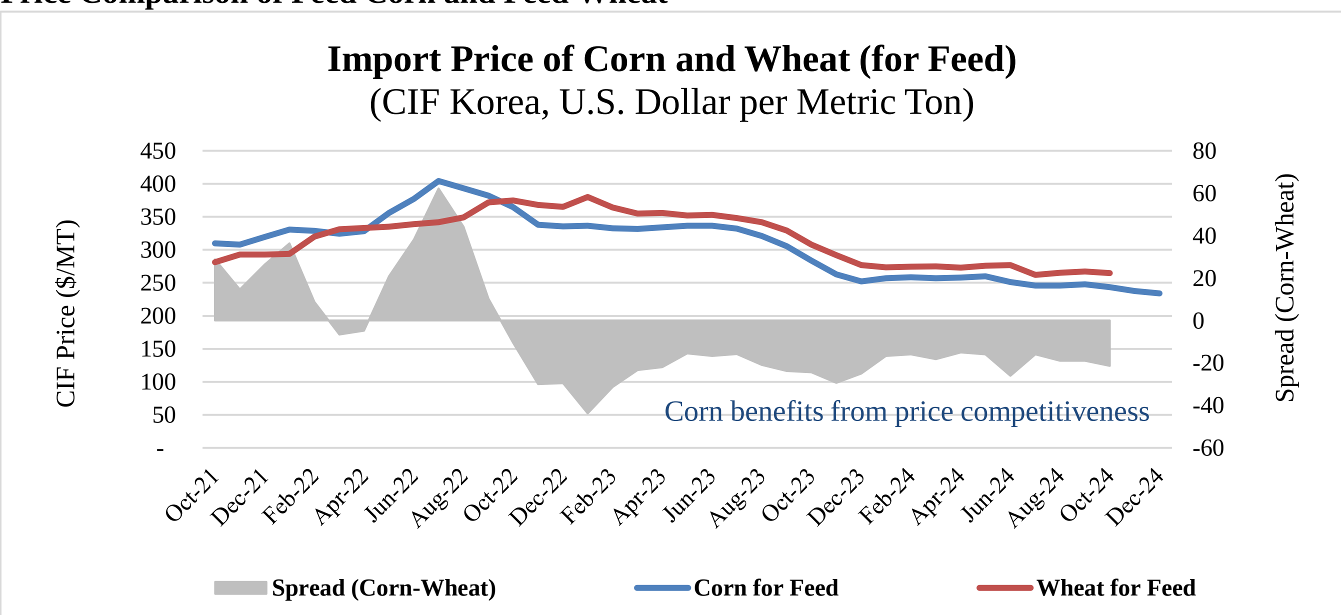
Argentina, Brazil, and the United States are the top three suppliers of feed corn to Korea and generally account for 80-90 percent of total feed corn imports, with annual variation based on price differences. In MY 2023/24, benefited by a more competitive price and abundant exportable volumes compared to other origins, U.S. feed corn imports were significantly up to 1.9 MMT, boosting U.S. market share back to above 20 percent. In 2020 and earlier, U.S. feed corn market share was regularly above 30 percent, with fluctuations depending on global prices.

Table 10
Feed Corn Imports by Country

Feed Corn Imports by Country (1,000 Metric Tons, Metric Tons, Marketing Year)						
	Quantity			Unit Price		
Country	MY 2022/23	MY 2023/24	YoY (Changes)	MY 2022/23	MY 2023/24	YoY (Percent)
Argentina	3,259	3,633	374	340	255	-25
USA	795	1,902	1,107	339	253	-25
(Percent of Total)	*(8.8)*	*(20.4)*	*(+11.6p)*	*N/A*	*N/A*	*N/A*
Brazil	2,769	2,510	-259	331	264	-20
South Africa	392	69	-323	325	272	-16
Romania	539	279	-261	328	252	-23
Ukraine	680	184	-496	332	255	-23
Russia	30	61	31	361	281	-22
Others	576	681	106	339	257	-24
Total	**9,040**	**9,319**	**278**	**335**	**257**	**-23**

Source: Korea Customs Service (KCS)

Figure 7
Price Comparison of Feed Corn and Feed Wheat

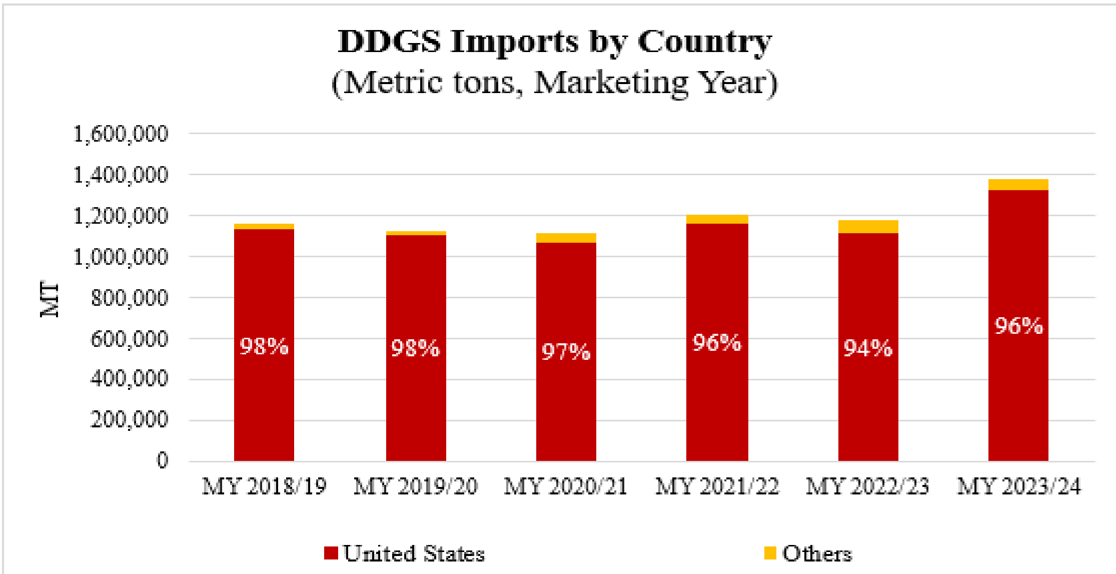


Source: Korea Customs Service (KCS)

Distillers Dried Grains with Solubles (DDGS)

Korean buyers have relied heavily on U.S. DDGS over the years, with more than 95 percent market share. Alternative suppliers, including Brazil, Australia and China, have recently joined into the supplier mix, but buyers still strongly prefer U.S. DDGS over other origins. In MY 2023/24, U.S. market share was 96 percent.

Figure 8
United States Dominates DDGS Market



Source: Korea Customs Service (KCS)

Table 11
Production, Supply and Distribution: Corn

Corn	**2022/2023**		**2023/2024**		**2024/2025**	
Market Year Begins	**Oct 2022**		**Oct 2023**		**Oct 2024**	
Korea, Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	16	15	16	16	16	16
Beginning Stocks (1000 MT)	2056	2056	1898	1858	1942	1976
Production (1000 MT)	93	92	94	93	95	92
MY Imports (1000 MT)	11099	11099	11300	11560	11800	11500
Total Supply (1000 MT)	13248	13247	13292	13511	13837	13568
MY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	9000	9279	9000	9265	9500	9300
FSI Consumption (1000 MT)	2350	2110	2350	2270	2350	2270
Total Consumption (1000 MT)	11350	11389	11350	11535	11850	11570
Ending Stocks (1000 MT)	1898	1858	1942	1976	1987	1998
Total Distribution (1000 MT)	13248	13247	13292	13511	13837	13568
Yield (MT/HA)	5.8125	6.1333	5.875	5.8125	5.9375	5.75

(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 Corn begins in October for all countries. TY 2024/2025 = October 2024 - September 2025

Note: Official USDA data is based on the October 2024 WASDE data

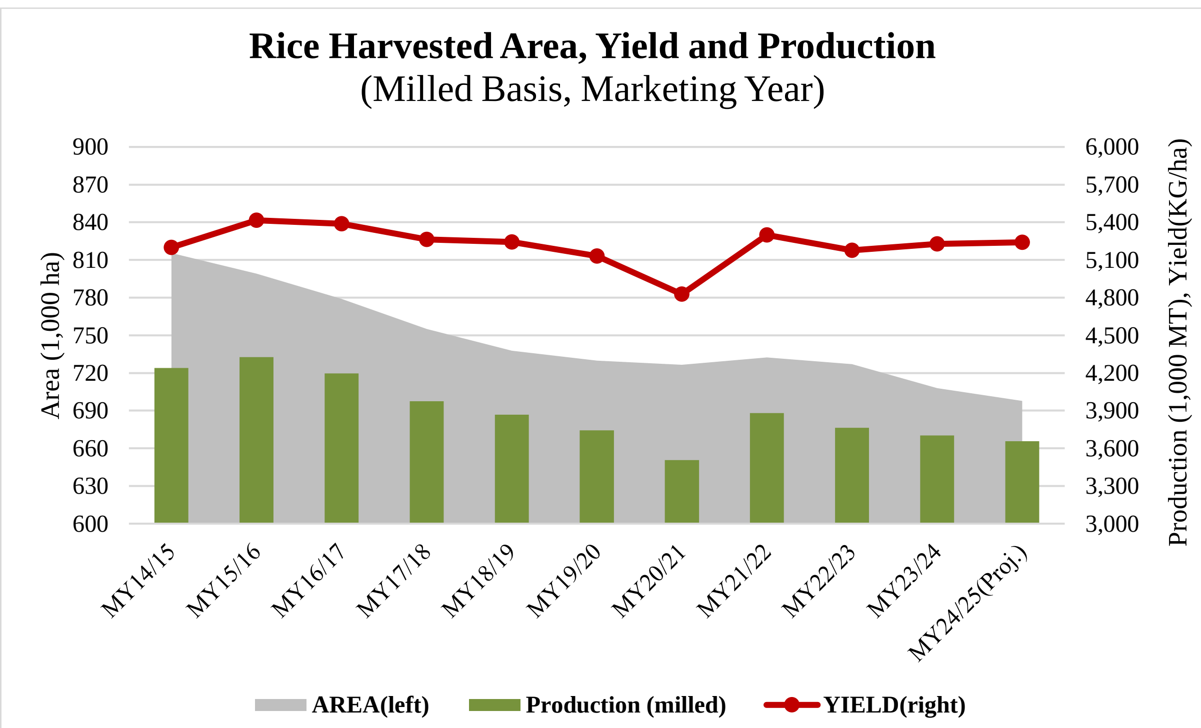
Milled Rice

Rice Production

In MY 2024/25 (November 1-October 30), Korea's rice production is forecast 1.2 percent below MY 2023/24 based on a nationwide survey by Statistics Korea (KOSTAT). This third straight year of reduced rice production reflects the government's policies to replace rice acreage with other crops as the main strategy to manage the country's chronic oversupply of rice. Rice planted area in MY 2024/25 is estimated down 1.5 percent to 698,000 ha with a marginal increase in yield from favorable weather and uncertain damage from a late-season pest infestation. A final production estimate from KOSTAT will be released after the rice harvest is complete.

Major rice producing regions, including North Jeolla, South Jeolla, South Gyeongsang, and other provinces, suffered from a widespread brown planthopper infestation in mid-September 2024. The Korea Rural Economic Institute (KREI) reported that 34,000 hectares of paddy rice were affected, prompting the Ministry of Agriculture, Food and Rural Affairs (MAFRA) to declare an "agricultural disaster". To minimize losses and prevent distribution of low-quality rice, MAFRA announced plans to purchase the damaged rice if requested by farmers. The most recent severe brown planthopper infestation occurred in 2020 and affected about 30,000 ha. The damaged acreage was around 1,000 ha last year, 3,500 ha in 2022, and less than 1,000 ha in 2021.

Figure 9
Korean Rice Production



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

Recognizing the recent success of government incentives for farmers to switch from rice to other crops, MAFRA announced that it will expand the targeted area and the list of eligible alternative crops in 2025. Sesame/perilla seed will be newly added, and subsidies will be increased for crops such as winter wheat and summer forage feed.

Table 12
2024 Rice Production

2024 Rice Production (Milled Basis)			
	2023 Rice Production	2024 Rice Production Forecast[1/]	Change
Area (1,000 ha)	708	698	-1.5%
Yield (kg/ha)	5,229	5,241	0.2%
Production (1,000MT)	3,702	3,657	-1.2%

1/ Based on KOSTAT Survey Results (October 2024)

Table 13
Major Changes in Strategic Crop Direct Payment Plan from 2025

	Major Changes
Item	**Current:** Rice for flour, Forage feed, Wheat, Beans/Pulses, Corn for food **(New for 2025)** Sesame/Perilla Seed
Acreage	**(2025 Target)** 176,000 ha **(2024 Actual)** 127,000 ha
Subsidy (million KRW/ha)	Wheat (1.0, up from 0.5) Sesame/Perilla Seed (1.0, newly added) Other food crops (including Barley) and Winter forage feed (0.5) Rice for flour, Beans/Pulses, and Corn for food (2.0) Summer forage feed (5.0, up from 4.3)

Source: MAFRA

Rice Consumption

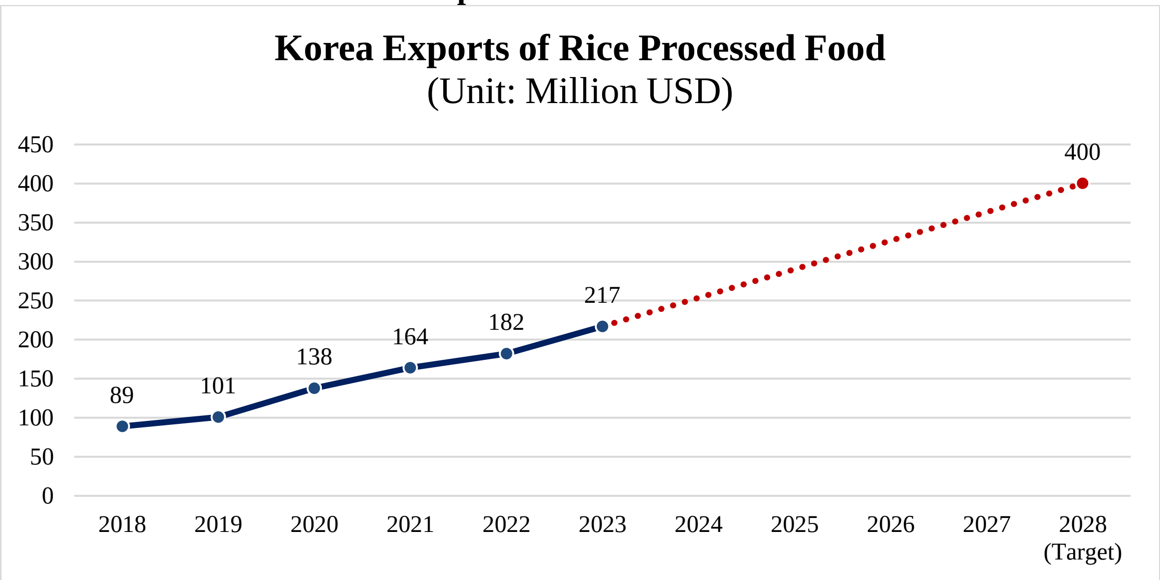
Post Seoul forecasts that MY 2024/25 total rice consumption will be unchanged from the previous report at just under 4 MMT.

Amid burdensome stock levels and production above consumption estimates, the Ministry decided to purchase 400,000 MT of the new 2024 crop in addition to the previously announced government purchase of 200,000 MT. Once rice from the pest-damaged fields is tallied, total government purchases of the 2024 crop will surpass 600,000 MT, to include 40,000 MT of rice for flour.

With a clear trend of declining rice consumption among younger generations, the government has focused on promoting greater use of rice for food processing, aiming at 720,000 MT by 2028 from 570,000 MT in 2022. To increase the consumption of processed rice, the government is supporting development of various new products as well as frozen kimbap, which has become popular in the global market due to its competitive price and gluten-free and vegan trends.

The Ministry announced that exports of rice-based processed food reached $217 million in 2023, the largest in its history. According to a local newspaper in Korea, shelf-stable cooked rice under the CJ CheilJedang brand name “Hetbahn” recorded sales of $16 million within North America alone. For exports to this region, the company uses the rice variety "Carlos" from the United States. With that success, MAFRA set a long-term goal to reach $400 million of rice-based processed food exports by 2028.

Figure 10
Growth in Rice-based K-Food Exports

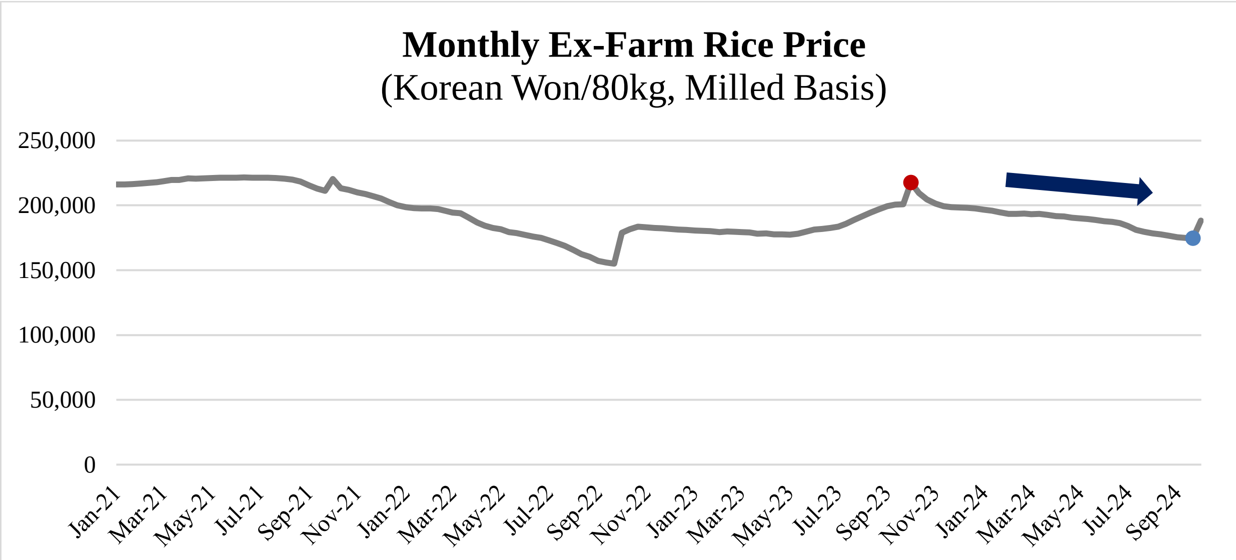


Source: MAFRA

<u>Domestic Price and Stocks</u>

Korea’s domestic rice price has been continuously falling since last year’s harvest started in September 2023, with only a recent uptick since the beginning of October 2024. Amid protests from local farmers over the lower-than-expected rice price and fears of further decline, the Ministry announced several policies to stabilize domestic prices by isolating rice stocks and transferring some amounts into feed and distilled liquor industries. In September 2024, MAFRA announced that it would release 105,000 MT of government stocks into distilled liquor production (70,000 MT) and feed (35,000 MT). If the domestic rice price drops again after the harvest season, more transfers of public rice stocks into the feed industry can be expected in MY 2024/25.

Figure 11
Domestic Rice Price Continues Downward Trend



Source: Korean Statistical Information Service (KOSIS)

Table 14
Price in Harvest Season per Crop Year

Price in Harvest Season per Crop Year (Korean Won per 80kg)			
Crop Year	**2022**	**2023**	**2024** (as of October 5)
Average Price (October to December)	181,819	202,797	188,156

Source: KREI Rice Report (October 2024)

Rice Trade

In accordance with WTO commitments, Korea imports 410,000 MT of rice annually on a most favored nation (MFN) basis at the current duty level of 5 percent under a tariff rate quota (TRQ) regime implemented in 2015. At the end of 2019 following negotiations to resolve a WTO dispute on rice tariffication, Korea allocated 390,000 MT of country specific quota (CSQ) within the TRQ for five trading partners (the United States, China, Vietnam, Thailand, and Australia). The remaining 20,000 MT is allocated on an MFN basis and is also available to the five countries with CSQs. Tariffs outside the quota remain prohibitively high at 513 percent.

Post forecasts rice imports in MY 2024/25 will be slightly up from the previous report at 440,000 MT. Rice imports in MY 2023/24 have been adjusted down from 450,000 MT in the previous report to approximately 400,000 MT, as the delivery of some scheduled shipments will carry over into MY 2024/25. Korea filled the entire China CSQ and most of the U.S. CSQ by the beginning of July 2024, which was faster than normal years. All awarded volumes of U.S. rice under the 2024 CSQ so far have been rice for processing. Usually, tenders for U.S. table rice take place after the California harvest season.

Table 15
Rice Import by Country

Rice Import by Country (Metric Tons, Milled Basis)					
Country	**MY 2020/21**	**MY 2021/22**	**MY 2022/23**		**MY 2023/24**
			Total	**Nov-Sep**	**Nov-Sep**
USA	142,294	97,030	46,667	45,097	154,540
China	147,790	212,197	97,197	77,197	132,835
Thailand	42,671	35,600	51,475	48,233	15,905
Australia	360	22,793	23,631	20,636	5,761
Vietnam	65,225	80,112	49,111	49,111	26,800
Others	-	5	3	3	135
Total	418,352	447,737	268,084	240,277	335,976

Source: Korea Customs Service (KCS)

Table 16
2024 WTO Rice TRQ Contracts Status by Country

2024 WTO Rice TRQ Contracts Status by Country (Metric Tons, Milled Basis, as of July 31, 2024)				
Country	**Allocated TRQ**	**Contracts**	**Open**	**Contractual Rate (%)**
USA	132,304	92,300	40,005	69.8
China	157,195	157,195	0	100.0
Vietnam	55,112	10,900	44,212	19.8
Thailand	28,494	17,495	11,000	61.4
Australia	15,595		15,595	0.0
MFN	20,000		20,000	0.0
Total	**408,700**	**277,889**	**130,811**	**68.0**

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

<u>Market Distribution of Imported Table Rice (aT Auctions)</u>

Under the TRQ scheme, Korea Agro-Fisheries and Food Trade Corporation (aT) continues to sell imported table rice to consumer-facing distribution channels on a weekly basis through a public auction system (www.atbid.co.kr). aT distributes imported processing rice directly to end-users, such as food processors and alcoholic beverage producers, at a set price throughout the year.

Contrary to the fast pace filling the 2024 U.S. CSQ overall this year, allocation of U.S. table rice onto the local market through weekly rice auctions managed by aT has been suspended since November 2023. While it awaits auctioning by aT, U.S. table rice imported under the 2021 and 2022 CSQs remains in storage, along with the newly imported 2023 CSQ rice. On the other hand, origins such as Vietnam and Thailand have completed table rice auctions of their 2023 CSQs as of August 2024. Local buyers and U.S. industry have requested that U.S. table rice be auctioned off at a regular pace, but the Ministry has not yet announced a concrete plan to resume the weekly auctions.

Table 17
Status of aT Selling Auctions for Table Rice under 2024 TRQ

Status of aT Selling Auctions for Table Rice under 2024 TRQ (Metric Tons, Milled Basis, as of September 19, 2024)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price[1/]
U.S. Medium Grain	#1	*not yet tendered*	0		0	
Thai Long Grain	#1	2,100	0	2,100	0	
Vietnamese Long Grain (Aug. 26, 2024, ~)	#1	900	209	691	23	1,658
Total		**3,000**	**209**	**2,791**	**7**	**N/A**

Source: Korea Agro-Fisheries and Food Trade Corporation (aT); 1/ Weighted average in Korean Won per Kg

Table 18
Status of aT Selling Auctions for Table Rice under 2023 TRQ

Status of aT Selling Auctions for Table Rice under 2023 TRQ (Metric Tons, Milled Basis, as of September 19, 2024)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price[1/]
U.S. Medium Grain	#1	40,000	0	40,000	0	
Thai Long Grain (Sep. 11, 2023, ~ Aug. 26, 2024)	#1	3,100	3,100	0	100	2,230
Vietnamese Long Grain (Jun. 3, 2024, ~ Aug. 19, 2024)	#1	900	900	0	100	1,848
Total		**44,000**	**4,000**	**40,000**	**9**	**N/A**

Source: Korea Agro-Fisheries and Food Trade Corporation (aT); 1/ Weighted average in Korean Won per Kg
Note: TRQ allocations have been revised to eliminate the MFN tender results of USDA grade No. 4 rice.

Table 19
Status of aT Selling Auctions for Table Rice under 2022 TRQ

Status of aT Selling Auctions for Table Rice under 2022 TRQ (Metric Tons, Milled Basis, as of September 19, 2024)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price[1/]
U.S. Medium Grain	#1	10,000	0	10,000	0	
Thai Long Grain (Jul. 4, 2022, ~)	#1	3,000	2,903	97	97	1,416
Vietnamese Long Grain (Apr. 24, 2023, ~)	#1	1,000	997	3	100	1,731
Total		**14,000**	**3,901**	**10,099**	**28**	**N/A**

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)
1/ Weighted average in Korean Won per Kg

Table 20
Status of aT Selling Auctions for Table Rice under 2021 TRQ

Status of aT Selling Auctions for Table Rice under 2021 TRQ (Metric Tons, Milled Basis, as of September 19, 2024)						
Commodity (Period of Auctions)	USDA Grade	Total Table Rice TRQ	Auctioned Off	Balance	Auctioned Off (%)	Auctioned Price[1/]
U.S. Medium Grain (Jun. 19, 2023 ~)	#1	41,500	32,201	9,299	77.6	2,252
Thai Long Grain (Aug. 23, 2021 ~Jun. 27, 2022)	#1	1,400	1,400	0	100	1,248
	#1[a/]	100	100	0	100	3,107
Vietnamese Long Grain (Jan. 24, 2022 ~Jul. 6, 2022)	#1	1,000	991	9	99	1,208
Total		**44,000**	**34,692**	**9,308**	**79**	**N/A**

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)
1/ Weighted average in Korean Won per Kg
a/ Hom Mali

Exports

Post revised MY 2024/25 rice exports up to 120,000 MT to reflect new commercial sales and updated food aid commitments, which come in addition to the previously reported announcement to double donations to the World Food Programme (WFP). Rice exports in MY 2023/24 picked up even higher than this level thanks to a new shipment containing 20,000 MT of milled rice destined for Turkey in September 2024. Recently, MAFRA has encouraged more commercial exports of Korean rice, especially targeting institutional food service for Korean companies with overseas operations in countries such as Mongolia, Hungary, Vietnam, and Cambodia.

The Korean government has donated rice via the Association of Southeast Asian Nations (ASEAN) Plus Three Emergency Rice Reserve Agreement (APTERR) for countries experiencing high levels of food insecurity to strengthen their capacity to respond to food crises. In September 2024, during an MOU signing ceremony held in Seoul for the Agricultural Cooperation between Korea and Laos, MAFRA Minister Song mentioned that Korea would double the volume of rice donations to APTERR to ease food insecurity in the region. With the increase in APTERR donations from the current 4,500 MT to 10,000 MT, Korea is expanding its leadership role as a relatively new food assistance donor country.

Table 21
Production, Supply and Distribution: Rice

Rice, Milled	**2022/2023**		**2023/2024**		**2024/2025**	
Market Year Begins	**Nov 2022**		**Nov 2023**		**Nov 2024**	
Korea, Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	727	727	708	708	694	698
Beginning Stocks (1000 MT)	1334	1334	1427	1427	1247	1215
Milled Production (1000 MT)	3764	3764	3702	3702	3595	3657
Rough Production (1000 MT)	4998	4998	4900	4898	4760	4840
Milling Rate (.9999) (1000 MT)	7531	7531	7555	7558	7553	7556
MY Imports (1000 MT)	262	268	325	397	440	440
TY Imp. from U.S. (1000 MT)	38	39	0	N/A	N/A	N/A
Total Supply (1000 MT)	5360	5366	5454	5526	5282	5312
MY Exports (1000 MT)	58	58	107	125	125	120
Consumption and Residual (1000 MT)	3875	3881	4100	4186	3900	3950
Ending Stocks (1000 MT)	1427	1427	1247	1215	1257	1242
Total Distribution (1000 MT)	5360	5366	5454	5526	5282	5312
Yield (Rough) (MT/HA)	6.8748	6.8748	6.9209	6.9181	6.8588	6.9341

(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 2024/2025 = January 2025 - December 2025

Note: Official USDA data is based on the October 2024 WASDE data

Attachments:

No Attachments