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Korea's Adjustment and In-Quota Tariffs for 2011

Report Categories:

Agricultural Situation

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Report Highlights:

In late December, Korea announced changes to its 2011 tariff schedule for several agricultural products, which are actively used by the livestock feed and food processing industries. On January 25, the Korea Government added 5 agricultural items to the voluntary tariff-rate quota (TRQ) list to stabilize consumer prices. Finally, from February 1, frozen pork and pork belly will be added to the voluntary TRQ list to stabilize prices amid a supply shortage caused by the spread of foot-and-mouth disease in Korea. The lower tariffs and TRQ's for the additional items will remain in effect until June 30, 2011.

Adjustment Tariffs & Voluntary TRQs Announced for 2011

On December 28, 2010, the Ministry of Strategy and Finance (MOSF) announced tariff reductions of six months to one year on 67 items including selected agricultural, forestry and fishery products. The revisions in Table I and III are effective through calendar year 2011, while the revisions in Table II will be effective during the 1st half of 2011 (January 1 – June 30, 2011). These changes are expected to facilitate continued imports of U.S. agricultural products, particularly feed grains and food ingredients. The Korean Government has described many of the tariff cuts as anti-inflation measures. The most notable changes are listed below.

Feed Grains & Ingredients

- Animal & vegetable fat for feed: TRQ quantity sets at 50,000 MT for 2011 with an in-quota duty of 4 percent. Korea imported 13,332 MT from the United States out of a total 61,936 MT in 2010 (January – November).
- Cotton seeds for feed: TRQ quantity sets at 160,000 MT for 2011 with an in-quota duty of 2 percent. Korea imported 65,112 MT from the United States out of a total 106,118 MT in 2010 (January – November).
- Soybean oil cake for feed: TRQ quantity sets at 2,700,000 MT for 2011 with a 1 percent in-quota duty. Korea imported 383,505 MT from the United States out of a total 1,560,721 MT in 2010 (January – November).

Food

- Guts and stomachs of animals for sausage casing: TRQ sets at 500 MT for 2011 with a 13 percent in-quota duty. Korea imported 4,898 MT from the United States out of a total 10,148 MT in 2010 (January – November)
- Maize for food processing: TRQ increased from 1,850,000 MT to 2,234,000 MT for 2011 with a 1 percent in-quota duty. Korea imported 1,239,490 MT from the United States out of a total 1,928,954 MT in 2010 (January – November).
- Refined sugar for food processing: In-quota duty decreased from 35 percent to zero percent with an unlimited quantity until June 30, 2011.
- Fresh garlic: In-quota duty set at 10 percent with 26,467 MT of quota until June 30, 2011.
- Wheat or meslin flour for milling: In-quota duty set at zero percent for a 2,400,000 MT of quota from January 1 - June 30, 2011.

Recent Developments

- On January 25, the Korean Government added 5 agricultural items (See the table II) to the voluntary TRQ list to stabilize consumer prices. The lower tariffs and TRQ's for the added items will remain in effect until June 30, 2011.
- From February 1, frozen pork and pork belly will be added to the voluntary TRQ list (See the details in the table II) to stabilize prices amid a supply shortage caused by the spread of foot-and-mouth disease in Korea. (See **KS 1104**)

Table I. Adjustment Tariffs for CY 2011 (Effective as of January 1, 2011)

HS No.	Commodity	WTO Bound Rate	Adjustment Tariff		
			2010	2011	Changes
0301 (Live)	Eel 0301 92	None	27 A/	27 A/	-
	Sea-bream 0301 99	None	31 B/	31 B/	-
	Sea bass 0301 99	None	31	31	-
	Croaker 0301 99	None	31	28	- 3
0303 (Frozen)	Alaska Pollack 0303 79	None	30	25	- 5
	Saury, excluding horn fish 0303 79	None	31	28	- 3
	Croaker 0303 79	None	50	47	- 3
0306	Salted or brine shrimp 0306 23	None	42 C/	42 C/	-
0307	Squid (Frozen) 0307 49	None	22	22	-
0709	Oak mushroom	90 D/	40 D/	40 D/	-
0712					
1902	Chinese vermicelli 1902 19	54 E/	32 F/	30 G/	-2
1904	Steamed or boiled rice 1904 90 1904 90	54	50	50	-
2103	Mixed seasonings (including red pepper paste) 2103 20	54	45	45	-
2103	Gochujang (red pepper paste), Other 2103 90	54	45	45	-
2103	Mae Joo (fermented soybean) 2103 90	54 H/	14	13 I/	- 1
4412	Plywood 4412 31 4412 32 4412 39 4412 99	None	10	10	-

Source: Ministry of Strategy and Finance (MOSF)

Note:

A/ or 1,879 Won/kg, whichever is greater.

B/ or 2,272 Won/kg, whichever is greater.

C/ or 283 Won/kg, whichever is greater.

D/ or 1,625 Won/kg, whichever is greater.

E/ or 427 Won/kg, whichever is greater.

F/ or 253 Won/kg, whichever is greater.

G/ or 238 Won/kg, whichever is greater.

H/ or 218 Won/kg, whichever is greater.

I/ or 52 Won/kg, whichever is greater.

Table II. Voluntary Tariff Rate Quota (TRQ) Quantities and In-quota rates for January 1 – June 30, 2011 Period

HS No.	Commodity	Base Tariff	Quota Tariff Rate (%)	Trade (Metric ton)
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[illegible]

0203	Frozen pork belly 0203 29	25	Zero	10,000	79,150	1,794
0203	Frozen Pork 0203 29	25	Zero	50,000	171,514	61,163

Source: The Ministry of Strategy and Finance (MSOF), Korea Trade Information Service (KOTIS)

Note:

1/ January 1 – June 30, 2011 period

2/ January 1 – November 30, 2010 period

Table III. Voluntary Tariff Rate Quota (TRQ) Quantities and In-quota rates for January 1 – December 31, 2011 Period

HS No.	Commodity	Base Tariff Rate	Quota Tariff Rate (%)		Trade (Metric ton)	
			2011 1/	2011 Quota (MT) 1/	2010 Total Imports 2/	2010 Imports from U.S. 2/
0404	Whey for feed 0404 10	20	4	35,000	12,926	7,168
0504	Guts and stomachs of animals (excludes fish), treated for sausage casing 0504 00	27	13	500	10,148	4,898
0714	Manioc chips for alcohol 0714 10	20	10	100,000	28,970	0
0714	Manioc pellets for feed 0714 10	7	1	900,000	231,096	0
1002	Rye for seed 1002 00	3	1	5,000	8,595	4,782
1003	Malting barley 1003 00	30	15	30,250	12,750	0
1003	Unhulled barley for feed 1003 00	5	4	100,000	24,311	0
1005	Maize for feed 1005 90	3	Zero	9,050,000 3/	5,880,977	5,398,338
1005	Maize for processing 1005 90	3	1	2,234,000	1,928,954	1,239,490
1107	Malt for beer brewing 1107 10 1107 20	30	12	207,000	148,243	0
1108	Manioc starch for paper manufacturing 1108 14	8	4	30,000	8,569	0
1201	Soybean for oil crushing & oil cake for feed 1201 00	3	Zero	1,150,000	842,314	396,329
1207	Cotton seeds for feed 1207 20	3	2	160,000	106,118	65,112
1214	1214 90	20	3	760,000 4/	221,097	138,392
2308	Fodder roots and other vegetables for feed 2308 00	5				
1518	Animal or vegetable fat for feed (excludes dehydrated castor oil and epoxidised soya oil) 1518 00	8	4	50,000	61,936	13,332
2207	Undenatured ethyl alcohol 2207 10	10	5	160,000 kl	100,440	0
2303	Beet-pulp for feed 2303 20	5	2	170,000	135,071	41,437
2303	Brewing or distilling dregs & waste for feed 2303 30	5	1	920,000	481,965	454,405
2304	Soybean Oil-cake for feed 2304 00	1.8	1	2,700,000	1,560,721	383,505
4408	Sheets for veneering for plywood of thickness exceeding 0.4 mm	3	2	Unlimited	119,928	158

	4408 10 4408 31 4408 39 4408 90					
4411	Fiberboard of wood 4411 12 4411 13 4411 14	8	4	80,000 m3	90,404	1,038

Source: The Ministry of Strategy and Finance (MSOF), Korea Trade Information Service (KOTIS)

Note:

1/ January 1 – December 31, 2011 period

2/ January 1 – November 30, 2010 period

3/ Consists of 9,000,000 MT for feed and 50,000 MT for mushroom growing

4/ Consists of 700,000 MT for feed and 60,000 MT for mushroom growing