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GAIN Report

Global Agricultural Information Network

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Korea's Adjustment and In-Quota Tariffs for 2014

Report Categories:

Agricultural Situation

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Report Highlights:

Korea recently announced changes made to the 2014 tariff schedule to stabilize domestic consumer prices for certain agricultural products; most of which are used for livestock feed production and the food processing industry (wheat flour, maize and sugar).

General Information:

Adjustment Tariffs & Voluntary TRQs Announced for 2014

On January 1, 2014, the Ministry of Strategy and Finance (MOSF) published an updated list of adjustment tariffs (Table I) and voluntary tariff rate quotas (TRQs) for selected agricultural, forestry and fishery products (Table II & III). These revisions (I & III) are effective through calendar year 2014, while those in table II will be effective for the first half of 2014 (January 1 – June 30, 2014). These changes are expected to facilitate continued imports of U.S. agricultural products, particularly feed grains and food ingredients. The most notable changes are listed below.

- ROKG lowered adjustment tariffs for two commodities, “live croaker” and “Chinese vermicelli”, by 2 percent respectively from the 2013 tariff rates as the ROKG estimates only a minor impact on the domestic industry. Adjustment tariffs for the remaining 13 of 15 total commodities have not been adjusted from the previous year.

- ROKG added two new TRQ categories for 2014; “Tanned hides and skins of bovine” and “Butter preparations” in order to stabilize import prices, which have surged recently. Tariff rates for 7 TRQ items (wheat, maize for processing, other sugar, malt for beer brewing, butter preparation and tanned hides of bovine) will be applicable for the first half of 2014 (during January 1 – June 30, 2014) at which time ROKG will consider an extension for the second half of 2014 dependent upon the price and domestic market situation.

Background

Under KORUS, Korean tariffs on almost two-thirds of U.S. agricultural exports were eliminated upon entry into force, including elimination of tariffs on wheat, corn, soybeans for crushing, whey for feed use, hides and skins, cotton, cherries, pistachios, almonds, orange juice, grape juice, and wine. Other farm products received some immediate duty-free access under new tariff-rate quotas (TRQs) including skim and whole milk powder, whey for food use, cheese, dextrans and modified starches, barley, popcorn, oranges, soybeans for food use, dehydrated and table potatoes, honey, and hay.

Korea applies annual “adjustment tariffs” or a variable tariff on some agricultural, fishery, and plywood products. These adjustment tariffs do not exceed KORUS or WTO bound rates. To help offset the increasing cost of food, in 2012 Korea announced voluntary duty-free MFN TRQs on a wide range of agricultural commodities including whey for feed, manioc chips and pellets for feed, oil cakes for feed, malting barley, live swine, frozen mackerel, powdered milk, frozen cream, processed milk and cream, butter, cheese and curd, egg powder, wheat, vegetable oils, some sugars, lactose, chocolate confectionery, cocoa preparation, potato flakes, soybeans, corn for feed and processing, and frozen pork and pork belly.

Table I. Adjustment Tariffs for CY 2014

(Effective as of January 1, 2014)

HS No.	Commodity	WTO Bound Rate	Adjustment Tariff		
			2013	2014	Changes
0301 (Live)	Eels (<i>Anguilla</i> spp.) 0301 92	None	27 A/	27 A/	-
	Sea-bream 0301 99	None	28 B/	28 B/	-
	Sea bass 0301 99	None	28	28	-
	Croaker 0301 99	None	28	26	-2
0303 (Frozen)	Alaska Pollack 0303 67 (<i>Theragra chalcogramma</i>)	None	25	25	-

	0303 69				
	Saury, excluding horn fish 0303 89	None	28	28	-
	Croaker 0303 89	None	40	40	-
0306	Salted or brine shrimp 0306 26 0306 27	None	35 C/	35 C/	-
0307	Squid (Frozen) 0307 49	None	22	22	-
0709	0709 59 Oak mushroom	90 D/	40 D/	40 D/	-
0712	0712 39				
1902	Chinese vermicelli 1902 19	54 E/	28 F/	26 G/	-2
1904	Steamed or boiled rice 1904 90	54	50	50	-
2103	Tomato Sauce 2103 20	54	45	45	-
2103	Gochujang (red pepper paste), Other 2103 90	54	45	45	-
2103	Mixed Seasonings 2103 90	54	45	45	-
2103	Mae Joo (fermented soybean) 2103 90	54 H/	13 I/	13 I/	-
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 2,052 Won/kg, whichever is greater.

C/ or 236 Won/kg, whichever is greater.

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

E/ or 427 Won/kg, whichever is greater

F/ or 222 Won/kg, whichever is greater

G/ or 206 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, 2014 Period

HS No.	Commodity	Base Tariff Rate	Quota Tariff Rate (%)		Trade (Metric ton)	
			2014 1/	2014 Quota (MT) 1/	2013 Total Imports 2/	2013 Imports from U.S. 2/
1001	Wheat and meslin, other for milling 1001 99	1.8	1	800,000	1,949,067	975,052
1003	Malting barley, other 1003 90	30	25	30,000	38,404	4,273

1005	Maize for popcorn & processing 1005 90	3	1	1,250,000 3/	1,679,713	81,734
1107	Malt for beer brewing 1107 10 1107 20	30 / 27	25	150,000	163,450	2
1701	Other cane sugar, containing added flavoring or coloring matter 1701 91 1701 99	30	5	40,000	131,909	1,377
2106	Other preparations with a basis of butter, of a butter content, by weight, exceeding 70% 2106 90	8	4	10,000	20,156	6,444
4104	Hides and skins of bovine, tanned or crust 4104 11 4104 19 4104 41 4104 49	3	1	Unlimited	37,822	13,136

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

Note:

1/ January 1 – June 30, 2014 period

2/ January 1 – November 30, 2013 period

3/ Consist of popcorn and other processing

Table III. Voluntary Tariff Rate Quota (TRQ) Quantities and In-quota rates for January 1 – December 31, 2014 Period

HS No.	Commodity	Base Tariff Rate	Quota Tariff Rate (%)		Trade (Metric ton)	
			2014 1/	2014 Quota (MT) 1/	2013 Total Imports 2/	2013 Imports from U.S. 2/
0301	Young eels (Anguilla), exceeding 0.3g and not exceeding 50g per unit, for aquaculture 0301 92	5	3	Unlimited	38	14
0404	Whey for feed Modified whey for feed Other whey for feed 0404 10	20	0	25,875	9,673	5,838
0714	Manioc chips for spirits 0714 10	20	10	300,000	192,821	0
0714	Manioc chips for feed 0714 10	20	0	100,000		
0714	Manioc pellets for feed 0714 10	7	0	900,000	341,165	0
1002	Rye for green manure 1002 10	3	0	4,000	10,533	6,077
1003	Unhulled barley for feed 1003 90	5	0	50,000	21,104	823
1004	Oats for feed 1004 90	3	0	65,000	3,630	21
1005	Maize for feed (includes for mushroom growing) 1005 90	3	0	9,010,000 3/	5,844,818	2,368

1201	Soybean for oil crushing & oil cake for feed 1201 90	3	0	1,000,000	729,817	242,444
1207	Cotton seeds for feed 1207 29	2	0	160,000	141,759	15,124
1213	Cereal straw and husks for mushroom farming 1213 00	8	4	10,000	24,162	3,066
1214	Lucerne(alfalfa) meal and pellets for feeding 1214 10	1	0	Unlimited	15,997	2,868
1214	Other lucerne(alfalfa) meal and pellets for feeding 1214 90	1	0	Unlimited	164,973	162,619
1214	1214 90	20	0	660,000 4/	253,166	163,836
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	5	0	50,000	7,675	0
1702	Lactose and lactose syrup for feed 1702 11 1702 19	20	0	4,930	11,365	7,007
1703	Cane molasses for feed 1703 10 1703 90	3	0	235,000	746,199	1,004
2302	Wheat bran for feed 2302 30	2	0	175,000	192,340	0
2303	Beet-pulp for feed (including for mushroom farming) 2303 20	5	0	200,000 5/	117,652	0
2303	Brewing or distilling dregs & waste for feed 2303 30	2	0	500,000	416,393	369,059
2304	Soybean Oil-cake for feed 2304 00	1.8	0	2,700,000	1,497,858	153,866
2306	Oil cake of cotton seeds 2306 10	2	0	97,500 6/	20,993	759
2306	Coconut or copra oil cake 2306 50	2	0	100,000	541,892	0
2306	Oil cake of palm nuts or kernels 2306 60	2	0	100,000	790,564	0
2308	Cotton seed hulls for feed (including for mushroom farming) 2308 00	5	0	125,000 7/	76,406	3,223
2309	2309 90 Other Preparations of a kind used in animal feeding.	5	0	3,680	60,812	5,983
5205	Cotton yarn 5205 12 5205 32 5205 33	2 / 8	0	Unlimited	31,546	0

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

Note:

1/ January 1 – December 31, 2014 period

2/ January 1 – November 30, 2013 period

3/ Consists of 9,000,000 MT for feed and 10,000 MT for mushroom growing

4/ Consists of 600,000 MT for feed and 60,000 MT for mushroom growing

5/ Consists of 170,000 MT for feed and 30,000 MT for mushroom growing

6/ Consists of 82,500 MT for feed and 15,000 MT for mushroom growing

7/ Consists of 110,000 MT for feed and 15,000 MT for mushroom growing