Required Report - public distribution

Date: 3/5/2019
GAIN Report Number: KS1905

Korea - Republic of

Oilseeds and Products Annual

Korea Remains Mature, Steady Market for Oilseeds and Products

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Report Highlights:
With a slight increase in projected acreage due to the government-run rice area reduction program, soybean production is expected to rise slightly to 92,000 metric tons (MT) in Marketing Year (MY) 2019/2020. Soybean imports are expected to remain constant at 1.27 million MT (MMT). Soybean meal production is also expected to remain steady at 792,000 MT, with nearly all soybean meal used in compound feed production. Soybean meal imports are expected to remain constant at 1.9 MMT. Soybean meal consumption is forecast to slightly increase to 2.65 MMT, as swine and poultry inventories continue to grow. Soybean oil imports from the United States are expected to remain constant at 200 TMT out of total imports of 280 TMT.

Commodities: Oilseed, Soybean

Production:
Soybeans accounted for approximately 52 percent of Korea's total oilseed production in MY 2017/18, followed by perilla (31 percent), peanuts (9 percent) and sesame (9 percent) (Table 3). Korea also produces a small amount of rapeseed. However, the Korean government has not released rapeseed production numbers since 2010.

The Korean Rural Economic Institute (KREI) conducted a nationwide survey December 11-17, 2018 to ascertain the planting intentions of soybean farmers. According to the survey results, MY 2019/20 soybean area is forecast to increase to 52,149 hectares, up 1,511 hectares (3 percent) from official harvested area in MY 2018/19 (Table 1). KREI estimates seemed to reflect the effect of domestic rice area reduction programs that encourage rice farmers to cultivate soybeans on their paddy land. Using the KREI survey results and the rice reduction program as a benchmark, FAS Seoul is forecasting that soybean production for MY 2019/20 will increase by 3 percent from KOSTAT official data in the previous year when a five-year average yield is applied. Yields are expected to be similar to those in 2018/19 crop, which had sharply declined from the preceding year due to unfavorable weather conditions.

In MY 2018/19, KOSTAT announced that soybean production increased to 89,410 metric tons (MT), up 3,766 MT (4.4 percent) from the previous year. Despite increasing soybean acreage, this growth was limited due mainly to lower yields caused by drought and higher temperatures over the growing period (Table 1).

So far in 2019, government purchases of the 2018 soybean crop have sharply declined to approximately 542 MT (Table 4), just 1.4 percent of the purchasing contractual volume of 37,588 MT. The Korean government increased the purchasing price to Korea won 4,200 per KG (equivalent to USD 3,822 per metric ton), up five percent from the previous years' buying price. A trend of bullish domestic wholesale soybean prices has encouraged farmers to hold onto their crop in on-farm storage (Table 5).

Table 1

Korea: Soybean Production			
Crop Year	Area (ha)	Yield (Kg/ha)	Production (MT)
2013	80,031	1,925	154,067
2014	74,652	1,866	139,267
2015	56,666	1,830	103,504
2016	49,014	1,540	75,448
2017	45,556	1,880	85,644
2018	50,638	1,766	89,410
2019	52,000a/	1,780b/	92,000c/

Source: Statistics Korea (KOSTAT); Ministry for Agriculture, Food, and Rural Affairs (MAFRA)
a/ KREI estimate based on telephone survey for December 11-17, 2018, reflecting the impact of the rice area reduction program
b/ Based on previous five-year average
c/ FAS Seoul forecast

Table 2

Korea: 2019 Soybean Planting Intentions			
Crop Year	Upland (ha)	Paddy Land (ha)	Total (ha)
2018 Harvest (A)	41,767	8,872	50,638
2019 Intention1/ (B)	43,217	8,931	52,149
Growth Rate (%) (B/A)	+3.5	+0.7	+3

Source: Korea Rural Economic Institute (KREI)
1/ Based on KREI telephone survey for December 11-17, 2018

Table 3

Korea: Oilseed Area and Production (Hectares and Metric tons)						
Crops	MY 2016		MY 2017		MY 2018	
	Area	Production	Area	Production	Area	Production
Soybean	49,014	75,448	45,556	85,644	50,638	80,804
Peanuts[1/]	5,632	15,530	5,190	14,910	NA[2/]	NA[2/]
Sesame	27,170	13,575	29,682	14,258	24,760	12,727
Perilla	45,474	50,024	43,352	50,738	NA[2/]	NA[2/]
Total	127,290	154,577	123,780	165,550	NA[2/]	NA[2/]

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA) and KOSTAT
Notes:
1/ In-shell
2/ Data should be available May 2019

Table 4

Korea: Government Purchases of Soybeans					
	Grown in rice paddy area		Grown in upland area		
Year	Price (KRW/Kg)[1/]	Quantity (MT)	Price (KRW/Kg)[1/]	Quantity (MT)	Total Purchase (MT)
2012	3,618	0	3,618	0	0
2013	3,868	1,373	3,868	7,571	8,943
2014	3,868	na	3,868	na	9,409
2015	3,868	na	3,868	na	11,424
2016	3,868	na	3,868	na	2,114
2017	4,011	na	4,011	na	10,725
2018	4,200	na	4,200	na	542

Source: Korea Agro-Fishery & Food Trade Corporation (aT); National Agricultural Cooperative Federation (NACF)
1/ Price based on No. 1 grade of large-sized kernel

Table 5

Korea: Wholesale Prices of Domestic Soybeans (High Quality, Korean Won per Kg)												
Month	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
2013	6,229	6,311	6,314	6,314	6,333	6,326	6,338	6,286	6,286	5,885	5,193	4,594
2014	4,43	4,14	4,05	4,05	4,05	4,05	4,05	4,05	4,05	3,93	3,99	3,97

	5	2	7	7	7	7	7	7	7	1	7	3
2015	3,977	4,000	3,888	3,886	3,929	3,971	3,971	3,946	3,914	3,952	4,165	4,225
2016	4,255	4,273	4,286	4,286	4,286	4,286	4,316	4,343	4,344	4,343	4,861	5,299
2017	5,086	4,959	4,914	4,914	4,908	4,875	4,891	4,909	4,919	4,949	4,722	4,670
2018	4,686	4,737	4,928	5,031	5,122	5,186	5,166	5,077	5,089	5,249	5,400	5,329
2019	5,263	5,263										

Source: Korea Agro-Fishery& Food Trade Corporation (aT)
Applicable Exchange Rate (Korean Won per USD): 1,099 on average in 2018

Consumption:

Soybeans account for the majority of oilseed consumption. Total domestic consumption in MY 2019/20 is forecast to stay around 1.35 million MT (MMT), remaining unchanged from the current marketing year's estimate, amid stagnant domestic production and flat consumer demand consistent with a mature market. Of this total, 1 MMT will be used for crush, 300,000 MT will be used for domestic food use in products like tofu, soymilk and soy sauce, and the remaining 50,000 MT will be consumed as domestic feed and waste. All domestic production goes to food use. Future growth in overall soybean consumption is expected to be minimal. Consumption for crushing will be constant at the level of 1 MMT if CJ Corporation, the largest Korean soybean crusher, continues soybean crushing in their flexible crushing facilities, which are convertible depending on the comparison of crushing margins between rapeseed and soybeans.

As is projected for the next marketing year, in MY 2018/19, soybean consumption is expected to stay around 1.35 MMT, due to lower consumption of domestic soybeans as food, caused by higher prices resulting from lower domestic soybean production. This total consists of 1 MMT for crushing, 300,000 MT for food and 50,000 MT for feed, seed and waste.

In MY 2017/18, because of better crushing margins, Korean soybean crushers increased soybean crushing to 1,011,900 MT, up two percent from the previous year (Table 6). The bearish trend in international soybean prices led to the increase of locally crushing soybeans for soybean meal for feed. Total soybean consumption increased to 1.36 MMT, up 8,000 MT or just one percent from the previous year. The greater demand for crushing soybeans offset the lower consumption of food grade soybeans (due to lower production of domestic soybeans) while imported soybean consumption has been constant.

Table 6

Korea: Soybean Consumption for Crushing (Metric Ton)			
Month	MY 16/17	MY 17/18	MY 18/19
October	67,000	91,600	81,300
November	89,000	85,500	79,000
December	90,000	92,000	84,000

January	86,200	87,000	Na
February	77,130	81,700	Na
March	87,100	87,600	Na
April	74,000	75,000	Na
May	80,100	84,400	Na
June	80,100	78,700	Na
July	83,100	86,000	Na
August	87,900	80,700	Na
September	88,500	81,700	Na
Total	990,130	1,011,900	Na

Source: Korea Soybean Processing Association

Table 7

Korea: Distribution of Imported Soybeans for Food Manufacturing by the Korea Agro Fisheries & Food Trade Corp. (aT) (Calendar Year, Metric Ton)			
Item\Year	2016	2017	2018
Soybean Curd	102,112	100,993	93,048
Soy Paste	33,730	32,891	28,247
Soy Paste/Soy Flour	4,650	4,344	3,028
Soy Milk	26,553	25,772	24,541
Soy Sprout	25,077	17,966	17,372
Others 1/	224	237	1,450
Sub. Total	192,346	182,203	167,686
By product 2/	44,629	38,103	31,677
Total (A)	236,975	220,306	199,363
TRQ Allocation to End-Users Direct Commercial Purchases			
Soybean Curd			
Soymilk			13,000
Soy-Paste/Red Pepper	2,560	3,500	
Soy Sprout	9,980	11,980	12,000
Total (B)	12,540	15,480	25,000
Soy-sauce/protein (after crushing) (C)	0	0	0
Grand Total (A+B+C)	**249,515**	**235,786**	**224,363**

Source: Korea Agro-Fishery & Food Trade Corporation (aT)
Note: Quantity is on the basis of cleaned soybeans.
1/ Government, military employees and others
2/ for feed

Trade:

Soybeans accounted for more than 83 percent of total oilseed imports, of which approximately 78 percent were used for crushing in the last marketing year. Due to constant demand for imported soybeans, MY 2019/20 soybean imports are forecast to remain unchanged from the current marketing year estimate of 1.27 MMT. MY 2018/19 soybean imports are expected to increase one percent from

the previous year due to a limited domestic soybean production for food processing with constant demand for crushing purposes.

In MY 2017/18, total soybean imports were 1.26 MMT on a customs-cleared basis, consisting of 982,618 MT for crushing and 273,562 MT for food processing, respectively (Table 8).

Crushing

Imports of soybeans for crush in MY 2019/20 are forecast to remain unchanged from the current marketing year's estimate of one MMT based on crushers' continued preference for processing soybeans rather than rapeseed.

Imports during the first three months of MY 2018/19 (Oct-Dec) totaled just under 267,000 MT, up eight percent compared to the same period of MY 2017/18 (Table 9). For the rest of this marketing year, crushers are expected to import soybeans in quantities similar to MY 2017/18 to meet demand for locally processed soybean meal for feed (Table 25).

The 2019 autonomous crushing soybean quota (a voluntary quantity above the World Trade Organization (WTO) quota) is 1.2 MMT with an adjustable in-quota tariff, which was cut from three percent (WTO quota) to zero (under the autonomous quota) (Table 17). Under the KORUS FTA, the duty on U.S. soybeans for crushing fell to zero as of March 15, 2012. In MY 2017/18, the majority of crushing beans came from Brazil (50%), followed by the United States (45%) and Paraguay (5%). The U.S. share increased by three percentage points over the previous marketing year (Table 10).

Table 8

Korea: Total Soybean Imports (Unit: MT)			
Marketing Year (Oct/Sep)	Crushing Soybean	Food Grade Soybean	Total
2011/12	786,654	352,335	1,138,989
2012/13	811,886	299,659	1,111,545
2013/14	930,277	340,559	1,270,836
2014/15[a/]	1,005,645	240,127	1,245,772
2014/15	1,005,645	115,284	1,120,928
2015/16 [b/]	1,000,661	248,664	1,249,325
2015/16	1,000,661	373,508	1,374,169
2016/17	1,065,030	220,728	1,285,758
2017/18	982,618	273,562	1,256,180

Source: Korea Customs Service (KCS)

a/ FAS Seoul adjusted imports of food-grade soybeans to 240,127 MT from 115,284 MT based on customs clearance because Korea Customs Service reported cumulative numbers of food-grade soybeans imports in December 2015.

b/ FAS Seoul adjusted the imports of food-grade soybeans to 246,733MT from 373,508 MT which included cumulative numbers of food-grade soybeans imports in December 2015.

Table 9

Korea: Soybean Imports for Oct.-Dec. by Origin (Unit: MT)
Soybean for Crushing (HS1201.90.1000)

MY2018/19	USA	Brazil	China	Others	Total
Oct. 2018	50,995	48,243	-	-	99,238
Nov	24,899	12,052	-	-	36,951
Dec	115,671	15,100	-	100	130,871
Subtotal	191,565	75,395	-	100	267,060
MY2017/18a/	**99,771**	**99,385**	0	**48,467**	**247,623**
Soybean for Sprouting (HS1201.90.3000)					
MY2018/19	USA	Brazil	China	Others	Total
Oct. 2018	20	-	60	-	80
Nov	120	-	2,770	-	2,890
Dec	999	-	1,479	36	2,514
Subtotal	1,139	-	4,309	36	5,484
MY2017/18a/	**720**	0	**9,762**	**80**	**10,562**
Soybean for Food Processing (HS1201.90.9000)					
MY2018/19	USA	Brazil	China	Others	Total
Oct. 2018	34,944	-	170	2,316	37,430
Nov	32,417	-	445	2,184	35,046
Dec	13,663	-	9,782	2,579	26,024
Subtotal	81,024	-	10,397	7,079	98,500
MY2017/18a/	**122,182**	0	**4,361**	**2,702**	**129,246**
Soybeans Total					
MY2018/19	USA	Brazil	China	Others	Total
Oct. 2018	85,959	48,243	230	2,316	136,748
Nov	57,436	12,052	3,215	2,184	74,887
Dec	130,333	15,100	11,261	2,715	159,409
Subtotal	273,728	75,395	14,706	7,215b/	371,044
MY2017/18a/	**222,673**	**99,385**	**14,123**	**51,249**	**387,431**

Source: Korea Customs Service (KCS)
a/ October – December 2017
b/ 5,501MT (Russia), 1,359MT (Canada) and 355 MT (Australia)

Table 10

Korea: Crushing Soybean Imports by Origin (Unit: MT)					
Marketing Year (Oct/Sep)	USA	Brazil	Paraguay	Others	Total
2010/11	485,109	405,551	43,621	0	934,281
2011/12	173,447	418,292	194,915	0	786,654
2012/13	374,167	384,262	53,461	0	811,886
2013/14	372,504	455,920	101,853	0	930,277
2014/15	326,169	628,209	51,025	200	1,005,603
2015/16	291,894	573,836	134,769	120	1,000,661
2016/17	451,193	484,505	129,123	201	1,065,030
2017/18	437,483	496,269	48,466	400	982,618

Source: Korea Customs Service (KCS)
a/ Paraguay

Food Use

The Korea Agro-Fishery and Food Trade Corporation (aT), the government's state trading arm, controls the bulk of marketing of non-GMO food-grade soybeans for food processing under its autonomous WTO Tariff Rate Quota (TRQ). aT distributes soybeans to end-users and charges a mark-up that supports domestic crop production and pays for some costs of handling and cleaning, which involves removing any foreign material and broken soybeans upon arrival.

In preparation for its 2020 WTO TRQ-based procurement plan, aT forward contracted or purchased 170,000 MT of soybeans on basis trading contracts at the end of 2018, with delivery planned during the first half of 2020. Accordingly, in MY 2019/20 imports of food-grade soybeans are forecast to be 270,000 MT under the autonomous WTO TRQ and FTA TRQs, with the majority coming from the United States followed by China, Canada and Australia. The United States is expected to retain 70 – 80 percent of the import market for food-use soybeans. The gains under the KORUS FTA have further strengthened the U.S. position. U.S. food-grade soybeans are primarily used in products like tofu, soybean paste/sauce and soymilk, while China mainly supplies soybeans for sprouting.

Despite the fact that the government hasn't announced its 2019 autonomous WTO TRQ for food grade soybeans yet, the volume of the WTO TRQ is estimated to be in the range between 210,000 and 230,000 MT. aT expects the government to release the TRQ in early March 2019, anticipating 92 percent for aT's bidding process with the remainder for import license to end-users who can contract with soybean suppliers directly. In late 2017, under the 2019 TRQ regime, aT had already purchased 170,000 MT through basis trading contracts from the United States for delivery during the first half of 2019. The remainder will likely be purchased off the spot market sometime this year, with delivery during the second half of the year. Korea is also expected to import 54,732 MT under 2019 FTA TRQs from the United States (28,982 MT), China (10,000 MT), Australia (750 MT) and Canada (15,000 MT); that is, those countries which have FTA TRQ agreements with Korea. Therefore, total imports of food-grade soybeans will be around 270,000 MT in 2019.

In 2018, Korea imported 273,562 MT of food-grade soybeans, consisting of 231,427 MT of yellow soybeans and 42,135 MT of soybeans for sprouting, under a combination of the autonomous WTO TRQ and FTA TRQs. Under the autonomous WTO TRQ, the state trading company distributed 199,363 MT of imported soybeans to local food processors and 25,000 MT in import licenses to end-users, respectively (Table 7). Under the 2018 FTA TRQs, Korea also imported 50,899 MT, consisting of 28,135 MT from the United States, 610 MT from Australia, 12,494 MT from Canada and 9,660 MT from China, respectively (Table 15).

In 2018, aT sold at a fixed price about 150,314 MT of imported food-quality soybeans (excluding soy by-products and sprouts) at an average price of 1,100 Korean Won/KG (or USD 1,000/MT, using the applicable exchange rate of 1,099 Korean Won per USD on average in 2018), unchanged from the previous year. During this period, the average price of imported soybeans for food processing was USD 556/MT (CIF). Based on these figures, aT made an estimated margin of USD 67 million by selling imported food-grade soybeans to end-users. Meanwhile, 17,372 MT of soybeans for sprouting were sold to end-users at an average bidding price of Korean Won 2,420/KG (or USD 2,202/MT) while the

average price of imported soybeans for sprouting was USD 895/MT (CIF). The estimated margin is calculated at USD 23 million. Additionally, 31,677MT of soybean by-products (after screening and cleaning food grade soybeans) were sold to feed mills at Korean Won 500/KG (or USD 455/MT) at a total discount of USD 3 million.

Table 11

Korea: Food-Grade Soybean Imports by Origin (Unit: MT)							
Marketing Year (Oct/Sep)	USA	Brazil	China	Canada	Australia	Others	Total
2010/11	216,984	35	80,162	7,449	0	17	304,647
2011/12	225,084	5,300	109,726	11,525	0	700	352,335
2012/13	192,728	1,702	83,449	19,105	0	2,675	299,659
2013/14	247,832	0	80,307	7,584	4,836	0	340,559
2014/15[a/]	195,737	2,500	33,822	6848	1,220	0	240,127
2014/15	70,894	2,500	33,822	6,848	1,220	0	115,284
2015/16 [b/]	199,185	1,091	20,371	24,901	1,931	1,185	248,664
2015/16	324,029	1,091	20,371	24,901	1,931	1,185	373,508
2016/17	158,207	0	40,559	20,243	884	1,250	221,143
2017/18	204,910	0	48,124	13,244	926	6,358	273,562

Source: Korea Customs Service (KCS)

a/ FAS Seoul adjusted imports of food-grade soybeans to 195,737 MT from 70,894 MT based on customs clearance because Korea Customs Service reported cumulative numbers of food-grade soybeans imported from the United States in December 2015.

b/ FAS Seoul adjusted imports of food-grade soybeans to 199,185 MT from 324,029 MT to include cumulative numbers of food-grade soybeans imported from the United States in December 2015.

Tariffs

The government is expected to announce the 2019 autonomous WTO TRQ in early March 2019. aT will purchase soybeans for food processing and sprouting purposes with 92 percent of the TRQ, with the remainder of the TRQ being granted as import licenses to end-users under a TRQ auctioning system. The portion for import licenses will effectively allow end-users or importers to bypass aT and buy directly from suppliers. The applicable in-quota tariff rate is five percent, while the out-of-quota tariff rate is a prohibitive 487 percent, or 956 Korean won (or 0.87 USD) per kg, whichever is greater (Table 17).

Under the KORUS-FTA, Korea established a zero-duty TRQ for 10,000 MT of food-grade identity-preserved (IP) soybeans in the first year of the agreement (2012), increasing to 20,000 MT in 2013 and 25,000 MT in 2014. Starting 2015, the TRQ grows three percent annually in perpetuity. Korea is expected to import 28,982 MT of IP soybeans from the United States under 2019 KORUS FTA TRQ (Table 12 & 14). The TRQ is administered by an association of food-grade soybean processors, which gives U.S. suppliers direct market access to these processing companies (Table 13).

The KORUS FTA TRQ of 28,982 MT in 2019 was allocated to soybean processors a year earlier, as shown in Table 13, so that they could make forward contracts with U.S. farmers. The TRQ fill rate under the KORUS FTA reached almost 100 percent in 2018, a distinct improvement from 35 percent in 2012. In 2018, Korean soybean processors imported 28,135 MT, which included 3,042 MT of soybeans

for sprouting, nearly 100 percent of the 28,138 MT of the KORUS FTA TRQ by securing IP food-grade soybeans through forward contracting with farmers (Table 13).

When the Korea-Canada FTA went into effect on January 1, 2015, Korea established a duty-free quota for 5,000 MT of food-grade identity-preserved soybeans in the first year. This quantity was expanded by 2,500 MT annually up to 15,000 MT in 2019 (the first five years), and then continuing to increase by 400 MT annually up to 17,000 MT in 2024 (the 10th year). For years eleven and beyond, the in-quota quantity will be fixed at 17,000 MT annually (Table 14). Accordingly, in 2019, Korea is expected to import 15,000 MT of Canadian IP soybeans under the FTA TRQ. In 2018, Korean soybean processors imported 12,494 MT which included about 1,500 MT of soybeans for sprouting from Canada, a 100 percent FTA TRQ fill rate (Table 15).

Korea set up a duty-free quota for 500 MT of Australian food-grade IP soybeans in 2014 for the first year after the Korea-Australia FTA took effect on December 12, 2014. An annual increment of 50 MT meant 550 MT of duty-free beans in 2015 (the second year), reaching 1,000 MT in 2024 (the eleventh year). The in-quota quantity shall remain fixed at 1,000 MT for years 12 and beyond. In 2019, Korea is expected to import 750 MT of Australian IP soybeans under the FTA TRQ. In 2018, Korean soybean processors imported 610 MT from Australia or 87 percent of the FTA TRQ (Table 15).

Korea established a duty-free quota of 10,000 MT of Chinese food-grade IP soybeans under the Korea-China FTA, effective December 20, 2015. This quota consists of 7,000 MT for IP soybeans for food processing and 3,000 MT for soybeans for sprouting, in perpetuity. In 2018, Korea imported 9,660 MT soybeans from China, 97 percent of the FTA TRQ (Table 15).

Table 12

Korea: Food Grade Soybeans Quota Allocation under KORUS FTA (Metric Ton)			
Calendar Year	Allocation	Imported	Fill Rate (%)
2012	10,000	3,453	35
2013	20,000	12,046	60
2014	25,000	23,832	95
2015	25,750	25,293	98
2016	26,523	26,510	100
2017	27,319	27,284	100
2018	28,138	28,135	100
2019	28,982	na	na

Source: Korea Agro-Fishery & Food Trade Corporation (aT)

Table 13

Korea: KORUS FTA IP Soybeans Quota Allocation and Imports per Processor Association (Metric Ton)		
Trade Association of Food Soybeans Processors	2018	2019

	Allocation	Import	Allocation
Korea Federation of Tofu Coop.(KFTC)	9,829	9,829	10,032
Korea Jang Cooperative	5,363	5,362	5,545
Korea Food Industry Association	4,190	4,188	4,267
Korea Soybean Foodstuffs Association	2,068	2,068	2,427
Korea Bean Curd Manufacture Coop.	2,575	2,575	2,653
Seoul Kyung In Beancurd Manufacture Cooperation	295	295	306
Korea Bean Sprouts Association	3,042	3,042	2,819
Korea Dhyana Food Industry Cooperative	146	146	147
Seoul Soybean-Processed Foods Cooperative	537	537	533
Korea Bean Curd Manufacture Coop.	93	93	102
Korea Soybean Sprouts Cooperative	0	0	151
Total	28,138	28,135	28,982

Source: Korea Customs Service (KCS); Korea Agro-Fishery & Food Trade Corporation (aT)

Table 14

Korea: IP Soybeans TRQ Scheme under FTAs (Metric Ton, Calendar Year)											
Year	2014	2015	2016	2017	**2018**	**2019**	2020	2021	2022	2023	2024
USA	25,000	25,750	26,523	27,319	**28,138**	**28,982**	29,851	30,747	31,669	32,619	33,598
Australia	500	550	600	650	**700**	**750**	800	850	900	950	1,000
Canada	na	5,000	7,500	10,000	**12,500**	**15,000**	15,400	15,800	16,200	16,600	17,000
China	na	na	10,000	10,000	**10,000**	**10,000**	10,000	10,000	10,000	10,000	10,000
Total	25,500	31,300	44,623	47,969	**51,338**	**54,732**	56,051	57,397	58,769	60,169	61,598

Source: FAS/Seoul based on Korea's FTAs

Table 15

Korea: Actual Imports of Food Grade Soybeans under FTA TRQ (Metric Ton)					
Calendar Year	2014	2015	2016	2017	2018
USA	23,832	25,293	26,510	27,284	28,135
Australia	0	476	588	625	610
Canada	na	4,847	7,477	9,935	12,494
China	na	0	9,300	10,000	9,660
Total	23,832	30,616	43,875	47,844	50,899

Source: FAS/Seoul based on Korea's FTAs

Production, Supply and Demand Data Statistics:

Soybean, Oilseed PS&D

Oilseed, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	70	46	70	51	0	52
Area Harvested	46	46	57	51	0	52
Beginning Stocks	48	48	40	33	0	42
Production	86	86	100	89	0	92
MY Imports	1256	1256	1365	1270	0	1270
MY Imp. from U.S.	642	642	600	650	0	650
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1390	1390	1505	1392	0	1404
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	1000	1012	1100	1000	0	1000
Food Use Dom. Cons.	300	300	300	300	0	300
Feed Waste Dom. Cons.	50	45	50	50	0	50
Total Dom. Cons.	1350	1357	1450	1350	0	1350
Ending Stocks	40	33	55	42	0	54
Total Distribution	1390	1390	1505	1392	0	1404
CY Imports	1275	1240	1400	1250	0	1250
CY Imp. from U.S.	600	693	600	650	0	650
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	1.8696	1.8696	1.7544	1.7451	0	1.7692
(1000 HA) ,(1000 MT) ,(MT/HA)						

Soybean Import Trade Matrix

Import Trade Matrix

Country Korea, Republic of

Commodity Oilseed, Soybean

Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2016		**2017**
U.S.	609	U.S.	642
Others		Others	
Brazil	485	Brazil	496
China	41	China	48
Paraguay	129	Paraguay	49
Canada	20	Canada	13
Total for Others	675		606
Others not Listed	2		8
Grand Total	1286		1256

Source: Korea Customs Service (KCS)

Table 16

Korea: Oilseed Imports (Metric Tons, USD1,000)						
	MY 2015/16		MY 2016/17		MY 2017/18	
	Volume	Value	Volume	Value	Volume	Value
Soybean	1,249,325[a/]	563,445[a/]	1,286,131	602,057	1,256,180	586,499
Peanuts	757	1,266	602	935	549	854
Copra	203	239	424	482	331	360
Linseed	8,531	7,533	3,204	2,795	187	187
Rapeseed	2,071	1,263	3,753	2,073	6,974	3,584
Sunflower Seed	3,547	5,608	3,710	5,406	3,465	4,722
Cotton Seed	153,219	48,092	157,003	47,297	145,172	37,732
Castor Bean	5	4	8	10	6	11
Sesame Seed	74,406	109,487	73,660	105,869	69,280	110,562
Mustard Seed	2,594	2,090	1,262	1,209	1,726	1,771
Safflower Seed	393	235	360	242	462	332
Perilla Seed	25,294	39,091	24,976	31,635	17,611	35,282
Others	6,720	34,009	6,386	29,295	6,581	8,146
Total	1,527,065 [a/]	812,362[a/]	1,561,479	829,305	1,508,524	790,042

Source: Korea Customs Service

a/ FAS/Seoul reflects statistical adjustment of food grade soybean imports.

Table 17

Korea: Applied Tariff Schedule for Oilseeds (Percent)				
Commodity	H.S. Code	2017	2018	2019
Soybean, Seed	1201.10.xxxx	3	3	3
Soybean, Crushing 1/	1201.90.1000	3(0)	3(0)	3(0)
Soybean, Feed 1/	1201.90.2000	3(0)	3(0)	3(0)
Soybean, Sprouting 2/	1201.90.3000	3(5)	3(5)	3(5)
Soybean, Food Grade 2/	1201.90.9000	3(5)	3(5)	3(5)
Peanuts, Seed, in shell	1202.30.1000	40	40	40
Peanuts, Seed, shelled	1202.30.1000	24	24	24
Peanuts, in Shell 3/	1202.41.0000	40	40	40
Peanuts, Shelled 3/	1202.42.0000	24	24	24
Copra	1203.00.0000	3	3	3
Linseed	1204.00.0000	3	3	3
Rapeseed	1205.xx.xxxx	10	10	10
Sunflower Seed	1206.00.0000	25	25	25
Cottonseed 4/	1207.29.1000	2 (0)	2 (0)	2 (0)
Sesame Seed 5/	1207.40.0000	40	40	40
Mustard Seed	1207.50.0000	3	3	3
Perilla Seed 6/	1207.99.1000	40	40	40

Castor Beans	1207.99.4000	3	3	3
Safflower Seed	1207.99.5000	3	3	3
Others	1207.99.9000	3	3	3

Source: Korea Customs Research Institute, Tariff Schedules of Korea.
Note: The Seed Industry Act restricts imports of listed commodities for planting seed purposes.
1/The number in parenthesis is the in-quota autonomous TRQ tariff rate assessed on 1.2 million tons of soybeans imported for crushing and feed purposes in CY 2019. The number not in parenthesis is the in-quota WTO TRQ tariff rate.
2/ applied duty rate of 5 percent for food grade soybeans imported and administered by the Korea Agro-Fishery & Food Trade Corporation (aT) under the WTO TRQ. Soybeans imported out-of-quota by private importers will be assessed a tariff rate of 487 percent or Korean won 956/Kg, whichever is greater.
3/The in-quota amount is 4,907.3 tons on a shelled basis. Peanuts imported out-of-quota are assessed a tariff of 230.5 percent.
4/The number in parenthesis is the in-quota tariff rate assessed on all cotton seed for feed.
5/The in-quota amount under the WTO TRQ is 6,731 tons. Sesame imported out-of-quota is assessed a tariff of 630 percent or Korean won 6,660/Kg, whichever is greater.
6/ 40 percent or Korean won 410/Kg, whichever is greater.

Commodities:
Meal, Soybean
Meal, Rapeseed

Production:
Essentially all of the vegetable meal produced in Korea is made from imported soybeans. Soybean meal production in MY 2017/18 increased to 801,627 MT (79.2 percent applicable extraction rate basis), up two percent from the previous year, reflecting growing demand for poultry feed after the industry fully recovered from a Highly Pathogenic Avian Influenza (HPAI) outbreak in November 2016.

There are only two soybean crushers in Korea: CJ Corporation and Sajo O&F Company Ltd, with a crushing ratio of 65:35 percent. In MY 2017/18, CJ Corp's crushing capacity remained unchanged at 2,100 MT per day. Sajo O&F's crushing capacity also remained unchanged from the previous year, at 1,100 MT per day (Table 18).

MY 2019/20 demand for crushing soybeans will remain flat at one MMT as long as crushing margins remain steady. Soybean demand for crushing is steady, equivalent to the country's one MMT crushing capacity. Soybean meal production for MY 2019/20 is forecast to hold steady at 792,000 MT with an extraction rate of 79.2 percent and crude protein content at 44 percent.

MY 2018/19 soybean meal production is expected at 792,000 MT, a similar level compared to the previous year based on soybean crushing margins with reasonable soybean prices in the international markets.

In an effort to strengthen their competitiveness against imported meal from South America, local crushing companies have continued producing de-hulled hi-pro soybean meal with a 47-percent protein content by blending U.S. and Brazilian soybeans. In 2018, production of de-hulled hi-pro, 47-percent protein soybean meal declined to 21 percent of total soybean meal production, three percent lower than the previous year because of lower exports of hi-pro soybean meal to Japan (Table 19 & 20).

The breakdown of production by company and product follows. In 2018, CJ produced 47-percent protein de-hulled meal and 45-percent protein meal in a ratio of 30:70, decreasing the production of 47-percent protein meal by five percentage points from the previous 35:65 ratio. However, Sajo produced

meal at a 46-percent versus 45-percent protein content at a ratio of 68:32, increasing the production of 46-percent protein meal by nine percentage points, in view of their previous 59:41 ratio.

This change was made because some feed millers preferred using higher protein meal to produce compound feed for poultry and swine in recognition of the feed value of hi-pro meals. The USSEC/Seoul office continues to educate Korean feed millers about the economic value of hi-pro meals.

Table 18

Korea: Soybean Crushing Capacity (As of February 2019)		
Soybean Crusher	Capacity (MT/day)	Location
CJ Corp	2,100 a/	Incheon
Sajo O&F	1,100	Incheon
Total	3,200	

Source: Soybean Crushing Industry
Note: Day=24 hours processing basis for 330 days
a/ of them, 700 MT have been converted to crush for either rapeseed or soybeans depending on crushing margin since December 2012.

Consumption:
Nearly all imported and domestically produced soybean meal is used in compound feed production. Given its ready availability, Korean feed millers prefer soybean meal. It is the second most widely used ingredient in compound feed production after corn, accounting for about 12.2 percent of total compound feed production in MY 2017/18, up 0.1 percentage point from the previous year.

MY 2019/20 soybean meal consumption is forecast to reach around 2.65 MMT, a slightly higher level than the current marketing year, as local swine and poultry inventories are expected to continue growing.

MY 2018/19 soybean meal consumption for animal feed is predicted to increase to 2.6 MMT, up 1.4 percent from the previous marketing year, as poultry production has recovered to the inventory level attained prior to the severe outbreak of Highly Pathogenic Avian Influenza (HPAI) in November 2016. Obviously, the outbreak of HPAI or other possible epidemic diseases such as Foot and Mouth Disease (FMD) in the marketing year would reduce demand for compound feed later in the year.

MY 2017/18 soybean meal consumption was revised up to 2.56 MMT to make up for the lack of supply from the protein portion of feed grade wheat, as the inclusion rate of this grain declined by 2.8 percent points from the previous year. (Tables 21 & 22).

Rapeseed meal consumption for feed in MY 2019/20 is forecast to stay around 280,000 MT, unchanged from the previous year. MY 2018/19 consumption is expected to increase 10 percent to 280,000 MT from the previous year, as poultry and swine inventories are growing. In MY 2017/18, feed millers consumed 254,000 MT, up 31 percent from the previous year due to increasing compound feed requirements from poultry and swine sectors coupled with lower import prices of rapeseed meals (Table 21 & 23). The DDGS inclusion rate for compound feed production has been constant at five percent in

recent years. Please refer to KS1748 DDGS in the Korean Market for more details about DDGS in Korea.

Trade:
Soybean meal imports during MY 2019/20 are forecast at 1.9 MMT, remaining unchanged from the current marketing year, as Korean livestock inventories are expected to be stagnant. Despite an increase of eight percent in soybean meal imports for the first three months over the same period of MY 2017/18 (Table 24), for MY 2018/19 as a whole, soybean meal imports are expected to increase to around 1.9 MMT, about a four percent increase over the previous marketing year. This increase in imports will help meet a greater demand for compound feed for poultry and swine. MY 2017/18 soybean meal imports have been revised up to 1.83 MMT, increasing five percent from the previous year due to a stronger rebound of compound feed production for poultry, after the industry recovered from the damage of an HPAI outbreak in November 2016.

Rapeseed meal imports during MY 2019/20 are forecast at 300,000 MT, remaining unchanged from the current marketing year to meet constant demand for feed production. In MY 2018/19, rapeseed meal imports are expected to increase slightly due to constant demand from the feed sector. Korean feed millers imported 293,649 MT of rapeseed meal in MY 2017/18, marking a sharp increase of 38 percent from the previous marketing year due to greater supply availability from India, along with a bearish trend in international vegetable protein meal markets. India was the only supplier of rapeseed meal to Korea.

Palm kernel meal and copra meal imports are forecast to remain major protein resources for animal feed in both MY 2018 and MY 2019. DDGS imports are also forecast to be strong to meet a greater demand for vegetable protein from feed sectors in Korea (Table 22).

The 2019 autonomous soybean meal WTO TRQ is set at 2.45 MMT with a zero percent in-quota import duty, unchanged from the previous year. The 2019 WTO TRQ for DDGS is set at zero percent for unlimited volume, coupled with a zero percent in-quota import duty for countries under FTAs. In order to help the livestock industry, the Korean government has maintained an autonomous zero duty TRQ for other vegetable protein meals such as cottonseed meal and cottonseed hulls. TRQ volumes for copra meal and palm kernel meal were eliminated when the zero duty under the Korean-ASEAN FTA was implemented.

Under the Korean-ASEAN FTA, copra and palm kernel meals are imported duty free from Southeast Asian countries such as Indonesia, Malaysia and the Philippines. Indian soybean meal is imported duty free under the Korea-India Comprehensive Economic Partnership Agreement (CEPA). As part of the KORUS FTA, Korea eliminated import duties on vegetable protein meals such as soybean meal (2304.00.0000), DDGS (2303.30.0000), and cottonseed meal (2306.10.0000) beginning March 15, 2012.

Export
Korea exports some locally-crushed soybean meal that is less competitive than imported meal. Soybean meal exports for MY 2019/20 are forecast to remain unchanged from the current marketing year's estimate of 50,000 MT. The major markets for Korean soybean meal are Japan, followed by China,

Vietnam and Malaysia: countries where there are overseas feed mills established by Korean crushers (Table 19).

Table 19

Korea: Soybean Meal Exports (Metric Ton)			
Country	MY 15/16	MY 16/17	MY 17/18
Japan	61,312	89,038	31,626
Vietnam	12,040	3,480	2,660
Malaysia	600	407	264
Philippine	180	180	141
China	986	6,840	5,587
Others	519	371	736
Total	75,637	100,316	41,014

Source: Korea Customs Service

Production, Supply and Demand Data Statistics:

Soybean Meal PS&D

Meal, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1000	1012	1100	1000	0	1000
Extr. Rate, 999.9999	0.788	0.7925	0.7873	0.792	0	0.792
Beginning Stocks	203	203	171	209	0	231
Production	788	802	866	792	0	792
MY Imports	1846	1828	1870	1900	0	1900
MY Imp. from U.S.	12	10	10	50	0	50
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2837	2833	2907	2901	0	2923
MY Exports	41	41	40	50	0	50
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	25	20	25	20	0	20
Feed Waste Dom. Cons.	2600	2563	2670	2600	0	2650
Total Dom. Cons.	2625	2583	2695	2620	0	2670
Ending Stocks	171	209	172	231	0	203
Total Distribution	2837	2833	2907	2901	0	2923
(1000 MT) ,(PERCENT)						

Soybean Meal Import Trade Matrix

Import Trade Matrix

Country	Korea, Republic of			
Commodity	Meal, Soybean			
Time Period	OCT/SEP	Units:	1,000MT	
Imports for:	2016		**2017**	

U.S.	7	U.S.	10
Others		Others	
Brazil	1443	Brazil	1706
Argentina	217	Argentina	10
China	28	China	37
India	51	India	65
Total for Others	1739		1818
Others not Listed	1		0
Grand Total	1747		1828

Source: Korea Customs Service (KCS)
Note: H.S. 2304 only

Rapeseed Meal PS&D

Meal, Rapeseed	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	8	8	11	5	0	5
Extr. Rate, 999.9999	0.625	0.625	0.6364	0.6	0	0.6
Beginning Stocks	15	15	24	40	0	43
Production	5	5	7	3	0	3
MY Imports	294	294	275	300	0	300
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	314	314	306	343	0	346
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	50	20	50	20	0	20
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	240	254	240	280	0	280
Total Dom. Cons.	290	274	290	300	0	300
Ending Stocks	24	40	16	43	0	46
Total Distribution	314	314	306	343	0	346
(1000 MT) ,(PERCENT)						

Rapeseed Meal Import Trade Matrix

Import Trade Matrix

Country Korea, Republic of
Commodity Meal, Rapeseed

Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2016		**2017**
U.S.	0	U.S.	0
Others		Others	
India	180	India	293
Canada	21		
Japan	10		
Total for Others	211		293
Others not Listed	1		0
Grand Total	212		293

Source: Korea Customs Service (KCS)

Author Defined:

Table 20

Korea: Soybean Meal Production[1/] (Metric Ton)			
Month	MY 16/17	MY 17/18	MY 18/19
October	49,000	65,400	58,700
November	63,000	61,400	57,000
December	64,000	66,230	60,800
January	62,000	62,800	Na
February	55,500	59,300	Na
March	63,600	63,200	Na
April	53,950	54,000	Na
May	58,220	61,400	Na
June	57,800	57,300	Na
July	60,400	62,600	Na
August	63,200	58,500	Na
September	63,300	58,800	Na
Total	713,970	730,930	Na
Extraction Rate (Percent)	72.11	72.23	Na

Source: Korea Soybean Processing Association

1/ based on crushers' applicable extraction rate

Table 21

Korea: Feed Ingredients for Animal Use (October/September Basis)						
Items	MY 2015/2016		MY 2016/2017		MY 2017/2018	
	1,000 MT	Percent	1,000 MT	Percent	1,000 MT	Percent

Total Grains and Grain Substitution	**12,395**	**63.8**	**12,116**	**63.9**	**12,474**	**63.7**
- Wheat	1,910	9.8	2,025	10.7	1,546	7.9
- Corn	7,841	40.4	7,031	37.1	7,564	38.6
- Others	2,644	13.6	3,060	16.1	3,364	17.3
Total Vegetable Protein	**4,937**	**25.4**	**4,764**	**25.1**	**4,973**	**25.4**
- Soybean Meal 1/	2,531	13.0	2,296	12.1	2,391	12.2
- Rapeseed Meal	200	1.0	194	1.0	254	1.3
- Cottonseed Meal	0	0.0	1	0.0	0	0.0
- Palm Kernel Meal	721	3.7	738	3.9	702	3.6
-Copra Meal	317	1.6	203	1.1	276	1.4
-Sesame Meal	37	0.2	32	0.2	36	0.2
-Perilla seed Meal	3	0.0	1	0.0	2	0.0
-Corn Gluten Meal	71	0.4	68	0.4	70	0.4
DDGS	779	4.0	945	5.0	982	5.0
- Others	274	1.4	286	1.4	260	1.3
Total Animal Protein	**205**	**1.1**	**184**	**1.0**	198	1.0
- Fish meal	15	0.1	14	0.1	12	0.1
-Meat & Bone Meal	30	0.2	23	0.1	24	0.1
-Others	160	0.8	147	0.8	162	0.8
Total Others	**1,886**	**9.7**	**1,896**	**10.0**	1,946	10.0
TOTAL COMPOUND FEED	**19,423**	**100.0**	**18,960**	**100.0**	19,591	100.0

Source: Korea Feed Association
1/ include dehullled locally processed soybean meal

Table 22

Korea: Imports of Major Protein Meals (October/September)						
	MY 2015/016		MY 2016/017		MY 2017/018	
	Volume (MT)	Value (1,000USD)	Volume (MT)	Value (1,000USD)	Volume (MT)	Value (1,000USD)
Soybean Meal	2,104,092	807,293	1,747,046	687,196	1,828,269	707,128
Rapeseed Meal	223,484	67,095	212,026	58,085	293,649	79,004
Fish Meal	49,910	86,077	48,812	84,409	50,055	86,536
Bone Meal	246	399	322	471	268	594
Cottonseed Meal	10,281	5,248	12,351	5,638	9,966	3,975
Sunflower Seed Meal	3,747	1,200	8,668	2,154	2,046	501
Copra Meal	289,902	53,437	210,406	40,952	294,880	48,852
Palm Kernel Meal	724,064	76,744	789,602	92,382	762,151	106,376
Corn Germ Meal	27,507	4,914	25,708	5,009	26,272	5,338
Others	465,317	53,698	391,178	34,595	343,968	31,972
Total	**3,898,550**	**1,156,105**	**3,446,217**	**1,010,992**	3,611,539	1,070,284

DDGS	849,401	185,831	1,036,935	203,325	1,079,254	229,849

Source: Korean Customs Service (KCS)

Table 23

Korea: Price Comparison of Major Imported Protein Meals (USD/MT, CIF, Arrival Basis on annual average)						
	MY 2012	MY 2013	MY 2014	MY 2015	MY 2016	MY 2017
Soybean Meal	543.00	549.23	480.71	383.68	393.35	386.77
Rapeseed Meal	337.98	276.47	275.11	300.22	273.95	269.04
Fish Meal	1,776.74	1,654.13	2,004.71	1,724.64	1,729.27	1,728.80
Bone Meal	1,567.31	1,305.88	1,082.44	1,621.95	1,462.73	2,216.42
Cottonseed Meal	424.89	479.07	462.22	510.46	456.48	398.86
Sunflower Seed Meal	416.46	424.81	404.75	320.26	248.50	244.87
Copra Meal	224.27	261.21	196.07	184.33	194.63	166.67
Palm Kernel Meal	182.12	189.55	127.73	105.99	117.00	139.57
Corn Germ Meal	302.48	306.84	250.42	178.65	194.84	203.18
Others	134.01	127.40	133.82	115.16	88.44	92.95
DDGS	348.62	320.18	244.49	218.78	196.08	212.97

Source: Korean Customs Service (KCS)

Table 24

Korea: Soybean Meal Imports for Oct.-Dec. by Origin (Unit: MT, H.S. 2304 basis)							
MY 2018/19	USA	Brazil	Vietnam	India	China	Others	Total
Oct. 2018	2,856	159,842	6,500	6,269	8,755	0	184,222
Nov	813	143,785	0	4,767	1,790	0	151,155
Dec	2,271	149,074	6,590	4,309	794	0	163,038
Subtotal	5,940	452,701	13,090	15,345	11,339	0	498,415
MY 2017/18 a/	**407**	**437,042**	**5,000**	**15,392**	**1,522**	**334**	**459,697**

Source: Korea Customs Service (KCS)
a/ October – December 2017

Table 25

Korea: Compound Feed Production (October/September, 1,000 MT)			
Animal Type	MY 2016/17	MY 2017/18	MY 2018/19a/
Poultry	5,402	5,906	6,000
Swine	6,327	6,461	6,500
Cattle	5,807	5,719	5,800
Others [b/]	1,381	1,456	1,500
Sub. Total	**18,917**	**19,542**	**19,800**
Aquaculture	148	152	150
Milk Substitute	52	52	55
Grand Total	**19,117**	**19,746**	**20,005**

Source: Korea Feed Association (KFA), Ministry for Agriculture, Food, and Rural Affairs (MAFRA)
a/ FAS/ Seoul forecast

b/ include ducks, pet food, rabbit, horse, sheep, deer, quail etc.

Table 26

Korea: Animal Inventory (1,000 Head, 1,000 Birds, as Feb, 2019)					
Animal	Year	March	June	September	December
Beef Cattle	2014	3,083	3,149	3,103	3,028
	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	3,090
	2019	3,021c/	3,137c/	3,250c/	na
Dairy Cattle	2014	437	436	442	445
	2015	439	433	430	428
	2016	425	420	421	418
	2017	416	414	411	409
	2018	408	405	407	408
	2019	405-407c/	na	na	na
Swine	2014	9,698	9,680	9,966	10,090
	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
Layer a/	2014	64,572	62,851	65,263	67,674
	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
Broiler b/	2014	77,879	103,593	75,846	77,746
	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

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 head (KS1810). Swine inventory numbers also followed the registration of the traceability system beginning 2017.

Table 27

Korea: Applied Tariff Schedule for Oil Cake and Meals

(Percent)				
Commodity	H.S. Code	2017	2018	2019
DDGS [a/]	2303.30.0000	2 (0)	2 (0)	2 (0)
Soybean Meal [b/]	2304.00.0000	1.8 (0)	1.8 (0)	1.8 (0)
Peanut Meal	2305.00.0000	5	5	5
Cottonseed Meal [c/]	2306.10.0000	2 (0)	2 (0)	2 (0)
Linseed Meal	2306.20.0000	5	5	5
Sunflower Seed Meal	2306.30.0000	5	5	5
Rapeseed Meal	2306.40.0000	0	0	0
Copra Meal	2306.50.0000	2	2	2
Palm Kernel Meal	2306.60.0000	2	2	2
Cottonseed Hull for feed [d/]	2308.00.3000	5 (0)	5 (0)	5 (0)

Source: Korea Customs Service
The figures in parentheses are the autonomous quota tariff rates. The number not in parenthesis is the in-quota WTO TRQ tariff rate.
a/ The applied duty is assessed on the unlimited volume of residues of brewing or distilling dregs and waste for 2019.
b/ The applied duty is assessed on the first 2.45 million tons of soybean meal for 2019.
c/ The applied duty is assessed on the unlimited volume of cottonseed meal for feed for 2019.
d/ The applied duty is assessed on the unlimited volume of cottonseed hull for feed and 2,000 tons for mushroom growing for 2019.

Commodities:
Oil, Soybean
Oil, Palm

Production:
Due to the greater crushing margins from soybean processing over rapeseed, CJ Corporation, Korea's largest soybean crusher, has continued processing soybeans rather than canola seed since 2013. MY 2017/18 soybean oil production increased to 194,890 MT, up three percent over the previous marketing year. Current MY 2018/19 soybean oil production is expected to remain stable at 190,000 MT, a level similar to the previous marketing year, unless crushing margins between soybeans and rapeseed are overturned. MY 2019/20 soybean oil production is forecast to stay around 190,000 MT, remaining unchanged from the current marketing year due to a saturated domestic market.

Consumption:
Soybean oil and palm oil accounted for 73 percent of the country's total oil supply in MY 2017/18 (Table 30). Most soybean oil is consumed in the hotel, restaurant and institutional (HRI) sector and at home, but soybean oil consumption has recently decreased in the biodiesel sector due to less competitive prices than palm oil. Food processors and restaurants rely heavily on imported soybean oil, while locally processed soybean oil is generally for home use. Palm oil is primarily used for food processing, especially ramen (instant noodle) production, since it is more functional and cheaper than soybean oil. Palm oil has been increasingly used in local biodiesel production. Please refer to KS1801 for additional details on the vegetable oil market in Korea.

Soybean oil consumption in MY 2019/20 is forecast at 470,000 MT, unchanged from the current marketing year's estimate. This attributable to tapering demand for soybean oil used in bio-diesel production, as it is less cost effective than palm oil. Meanwhile, palm oil consumption during this period is forecast at 570,000 MT, up about two percent from the current marketing year because of

increasing demand from the bio-diesel sector, and stable demand from other food processing sub-sectors. Palm oil consumption in the current marketing year (MY 2018/19) is expected to increase to 560,000 MT, up two percent from the previous year with the mandate of biodiesel maintained at three percent since 2018 from the previous 2.5 percent minimum.

Trade:

The biodiesel sector has been the main driver behind rising edible oil imports since MY 2007/08. However, MY 2019/20 soybean oil imports are forecast at 280,000 MT, unchanged from the current marketing year's estimate as the vegetable oil content mandate in biodiesel is being met by cheaper palm oil. In MY 2018/19, soybean oil imports are expected to remain at 280,000 MT, stagnant from the previous year.

U.S. soybean oil exporters' market share has risen from 19 percent in MY 2014/15 to 47 percent in MY 2016/17 and then expanded to 83 percent in MY 2017/18, with an expectation of a 70-80 percent share in MY 2018/19 based on import statistics for the first three months (Table 32). In effect, the U.S. has taken market share from Argentina in recent years. Three reasons influenced the Korean buyers' pivot to U.S. soybean oil. First, Argentinian drought conditions caused the oil content of their soybeans to fall. Second, Korean end users prefer colorless oil, but the Argentinian oil has a red tint. Third, the KORUS FTA reduced the tariff on U.S. soybean oil from 1.62 percent in 2018 to 1.08 percent in 2019 with the out-of-quota rate at five percent for non-FTA exporters. (The KORUS FTA has been cutting tariff rates on American oil exports over a ten-year period before reaching zero in 2021.)

In MY 2019/20, palm oil imports are forecast to increase to 570,000 MT, up two percent from the current marketing year, mainly due to rising demand from the biodiesel industry. The Korean government has implemented revised regulations increasing the mandatory inclusion rate from 2.5 percent to three percent since 2018 (through 2020). Palm oil imports for biodiesel are expected to reach 330,000 MT in MY 2019/20, up three percent from the current marketing year as it is more competitively-priced than other oil-based feedstock. Palm oil imports for use in the local soap industry are expected to remain steady at 20,000 MT. In MY 2017/18, palm oil imports increased to 550,460 MT to meet demand for biodiesel production, up four percent from the previous year. Palm oil has been imported duty-free under the Korea-ASEAN FTA since June 2007.

Under the KORUS FTA, effective since March 2012, Korea's 5.4 percent duty on imports of crude soybean oil has been diminishing according to a phase-out schedule of 10 equal, annual reductions (year 2021). Meanwhile, the 5.4 percent rate on refined soybean oil was phased out in five equal annual reductions. Since 2016, U.S. refined soybean oil has been imported duty- free. Korea also eliminated the import duty on palm oil immediately under the KORUS FTA.

Production, Supply and Demand Data Statistics:

Soybean Oil PS&D

Oil, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1000	1012	1100	1000	0	1000
Extr. Rate, 999.9999	0.177	0.1927	0.1773	0.19	0	0.19

Beginning Stocks	60	60	41	59	0	54
Production	177	195	195	190	0	190
MY Imports	276	276	300	280	0	280
MY Imp. from U.S.	225	225	200	200	0	200
MY Imp. from EU	0	0	0	0	0	0
Total Supply	513	531	536	529	0	524
MY Exports	2	2	2	5	0	5
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	50	20	50	20	0	20
Food Use Dom. Cons.	420	450	440	450	0	450
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	470	470	490	470	0	470
Ending Stocks	41	59	44	54	0	49
Total Distribution	513	531	536	529	0	524
(1000 MT) ,(PERCENT)						

Soybean Oil Import Trade Matrix

Import Trade Matrix

Country Korea, Republic of

Commodity Oil, Soybean

Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2016		**2017**
U.S.	145	U.S.	225
Others		Others	
Argentina	117	Argentina	29
Vietnam	27	Vietnam	11
Thailand	1		1
Total for Others	145		41
Others not Listed	16		10
Grand Total	306		276

Source: Korea Customs Service (KCS)

Palm Oil PS&D

Oil, Palm	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	66	66	71	66	0	66
Production	0	0	0	0	0	0
MY Imports	550	550	580	560	0	570
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0

Total Supply	616	616	651	626	0	636
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	275	330	295	340	0	350
Food Use Dom. Cons.	270	220	285	220	0	220
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	545	550	580	560	0	570
Ending Stocks	71	66	71	66	0	66
Total Distribution	616	616	651	626	0	636
CY Imports	520	603	550	560	0	570
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	0	0	0	0	0	0
(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)						

Palm Oil Import Trade Matrix

Import Trade Matrix

Country Korea, Republic of

Commodity Oil, Palm

Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2015		**2016**
U.S.	0	U.S.	0
Others		Others	
Malaysia	267	Malaysia	242
Indonesia	258	Indonesia	306
Total for Others	525		548
Others not Listed	2		2
Grand Total	527		550

Source: Korea Customs Service (KCS)

Author Defined:

Table 28

Korea: Domestic Production of Vegetable Oils[1/] (Metric Ton)			
Commodities	MY 2015/16	MY 2016/17	MY 2017/18
Soybean Oil	199,500	189,600	194,890
Corn Oil	49,719	51,520	51,520
Sesame Oil	21,521	21,809	20,885
Rice Bran Oil	10,000	10,000	10,000
Rapeseed Oil	1,290	1,996	3,349

Perilla Seed Oil	30,491	30,200	27,339
Total	312,521	306,315	307,983

Source: Foreign Agriculture Service, Seoul, Korea
1/ FAS/Seoul estimates

Table 29

Korea: Soybean Oil Production (Metric Ton)			
Month	MY 16/17	MY 17/18	MY 18/19
October	13,000	18,000	16,000
November	17,000	16,800	15,300
December	17,000	17,790	16,200
January	16,500	16,600	Na
February	14,600	15,400	Na
March	16,300	16,300	Na
April	14,700	13,800	Na
May	13,900	16,300	Na
June	15,500	15,300	Na
July	16,300	16,600	Na
August	17,300	15,800	Na
September	17,500	16,200	Na
Total	189,600	194,890	Na
Extraction Rate	19.15	19.26	Na

Source: Korea Soybean Processing Association (KSPA)

Table 30

Korea: Total Supply of Edible Oils (Metric Ton)			
Commodity	MY 2015/16	MY 2016/17	MY 2017/18
Soybean Oil	449,298	496,005	474,312
Palm Oil	479,503	527,137	550,460
Corn Oil	53,910	58,319	57,405
Rapeseed Oil	116,764	128,870	150,618
Coconut Oil	41,411	42,787	56,428
Olive Oil	12,908	13,378	14,757
Cottonseed Oil	326	204	328
Sesame Oil	22,003	22,519	21,413
Rice Bran Oil	22,967	22,273	21,454
Perilla Seed Oil	31,346	31,066	28,263
Fish Oil	6,552	8,162	7,005
Sunflower Oil	26,849	25,265	26,095
Total	1,263,837	1,375,985	1,408,537

Source: Foreign Agriculture Service, Seoul, Korea

Table 31

Korea: Fats and Oils Imports (MT & US$1,000, Oct/Sep)						
Commodity	MY 2015/16		MY 2016/17		MY 2017/18	
	Volume	Value	Volume	Value	Volume	Value
Palm Oil	479,503	291,130	527,137	374,846	550,460	365,315
Tallow	12,512	7,817	10,824	8,025	20,231	12,305
Lard	1	3	4	8	51	55
Coconut Oil	41,042	69,050	42,596	76,108	56,279	83,591
Cottonseed Oil	326	499	204	362	328	455
Fish Oil	5,552	12,429	7,162	12,205	6,005	10,963
Soy Oil	249,798	191,436	306,405	260,717	279,422	234,049
Corn Oil	4,191	3,736	6,799	6,278	5,885	5,445
Rapeseed Oil	115,474	90,711	126,874	107,869	147,269	126,532
Palm Kernel Oil	3,584	4,251	8,091	11,625	9,688	12,721
Rice Bran Oil	12,967	19,027	12,273	18,611	11,454	17,059
Castor Oil	7,775	10,177	9,133	13,975	9,538	15,349
Linseed Oil	6,073	8,566	5,645	6,608	5,591	6,250
Sunflower Oil	26,849	32,281	25,265	30,243	26,095	31,820
Safflower Oil	72	273	70	349	87	232
Olive Oil	12,908	57,847	13,378	64,547	14,757	74,204
Jojoba Oil	60	1,285	63	1,302	81	1,607
Peanut Oil	14	88	23	142	29	177
Sesame Oil	482	1,855	710	2,497	528	2,073
Perilla Oil	855	2,850	866	1,768	923	3,699
Camellia Oil	49	772	44	682	39	693
Babassu Oil	13	132	15	144	17	185
Other Oil	10,227	40,317	10,555	42,899	11,093	44,454
Total	990,327	846,532	1,114,136	1,041,810	1,155,850	1,049,233

Source: Korea Customs Service (KCS)

Table 32

Korea: Soybean Oil Imports for Oct.-Dec. by Origin (Unit: MT)						
MY 2018/19	USA	Argentina	Brazil	Vietnam	Others	Total
Oct. 2018	19,524	981	0	10,305	301	31,111
Nov	14,969	700	0	6,684	125	22,478
Dec	13,857	300	0	0	376	14,533
Subtotal	48,350	1,981	0	16,989	802	68,122
MY2017/18 a/	**38,812**	**12,537**	**0**	**0**	**2190**	**53,539**

Source: Korea Customs Service (KCS)
a/ October – December 2017

Table 33

Korea: Applied Tariff Schedule For Fats And Oils (Percent)				
Commodity	H.S. Code	General Rate	2018	2019
Lard	1501.00.10xx	3	3	3
Beef Tallow	1502.00.10xx	2	2	2
Other Tallow	1502.00.90xx	3	3	3
Fish Oil	1504.xx.xxxx	3	3	3
Soybean Oil for Food, Crude	1507.10.1000	5	5	5
Soybean Oil For Biodiesel, Crude	1507.10.2000	5	5	5
Soybean Oil for Other, Crude	1507.10.9000	5	5	5
Soybean Oil for Food, Refined	1507.90.1010	5	5	5
Soybean Oil For Biodiesel, Refined	1507.90.1020	5	5	5
Soybean Oil for Other, Refined	1507.90.1090	5	5	5
Soybean Oil, Other	1507.90.9000	5	8	8
Peanut Oil	1508.xx.xxxx	27	27	27
Olive Oil	1509.xx.xxxx	5	5	5
Palm Crude Oil	1511.10.0000	3	3	3
Palm Oil	1511.90.xxxx	2	2	2
Sunflower Oil	1512.1x.xxxx	5	5	5
Safflower Oil	1512.1x.xxxx	5	5	5
Cotton Seed Oil	1512.2x.xxxx	5	5	5
Coconut Oil	1513.1x.xxxx	3	3	3
Palm Kernel Oil	1513.2x.xxxx	8	8	8
Rapeseed Oil, Crude	1514.11.0000	5	5	5
Rapeseed Oil, Refined	1514.19.xxxx	5	5	5
Rapeseed Oil, Other, Crude	1514.91.1000	5	5	5
Linseed Oil	1515.1x.xxxx	5	5	5
Corn Oil	1515.2x.xxxx	5	5	5
Castor Oil	1515.30.xxxx	5	8	8
Tung Oil	1515.90.9040	8	8	8
Sesame Oil [1/]	1515.50.0000	40	40	40
Perilla Seed Oil	1515.90.1000	36	36	36
Rice Bran Oil	1515.90.9010	5	5	5
Other, Crude	1515.90.9090	5	5	5

Source: Korea Customs Research Institute, Tariff Schedules for Korea

1/ In-Quota tariff rate under the WTO TRQ. Quota is 668 tons. The out-of-quota tariff rate is 630 percent or 12,060 Won/Kg, whichever is greater.