



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 11/3/2006

GAIN Report Number: KS6115

Korea, Republic of

Grain and Feed

Quarterly Grain Trade Report

2006

Approved by:

Lloyd S. Harbert
U.S. Embassy

Prepared by:

Sunchul Choi//Michael Francom

Report Highlights:

The feed wheat import forecast is lowered to 1 MMT, 35 percent lower than last year, due to the expected decrease in feed wheat availability from traditional suppliers. Meanwhile, feed corn imports are expected to grow slightly as Korean livestock producers switch to less expensive feed corn

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Quarterly Report
Seoul [KS1]
[KS]

Table of Contents

WHEAT	3
WHEAT -- STATISTICAL TABLES	4
Wheat PSD.....	4
Korea: Import Trade Matrix of Wheat	5
Korea: Wheat Imports.....	6
Korea: Monthly Wheat Imports	6
Korea: MY 2006/07 Monthly Wheat Imports By Origin	7
Korea: Feed Wheat Contracts by Estimated Time of Arrival (ETA).....	7
Korea: Post Estimates of Wheat Use.....	8
Korea: Monthly Wheat Use	8
CORN.....	9
CORN -- STATISTICAL TABLES	10
Corn PS&D.....	10
Korea: Import Trade Matrix of Corn	11
Korea: Corn Imports	12
Korea: Corn Contracts per Estimated Time of Arrival (ETA) in MY 2006/07	12
Korea: Total Corn Utilization	13
Korea: Compound Feed Production per Animal.....	13
Korea: Feed Ingredient Use for Compound Feed Production	13
RICE	14
Rice, Milled PSD	14
Production	15
Korea: Rice Area, Yield and Production	15
Government Rice Purchases for Public Storage System for Emergencies.....	16
Production Policy	16
Direct Payment Program for Rice Income Compensation	17
Consumption.....	17
Korea: Rice Domestic Utilization Pattern.....	17
Trade.....	17
Korea: Rice Aid to North Korea	20
Appendix:	21
Korea: Allocation of the MMA for 2005-2014	21
Korea: Import Schedule of Table Rice.....	21
Korea: Rice allocation per Country on the buying tender under MMA	21

WHEAT

The MY 2006/07 wheat import estimate is lowered to 3.3 MMT (2.3 MMT of milling wheat and 1 MMT of feed wheat) largely due to the expected decrease in feed wheat availability from traditional suppliers. The projected reduction in domestic cattle and swine inventories will also put limited downward pressure on feed wheat imports. Given these market conditions, feed wheat imports forecast is lowered to 1 MMT, which is 35 percent lower than the previous year. Additionally, import data for Jul-Sep and reported feed wheat sales contracts for delivery during the remainder of the year support lowering the estimate.

According to MY 2006/07 feed wheat contract data, the majority of feed wheat imports will be from China. Optional origin sales contracts will likely be exercised identifying China as the supplier since Chinese feed wheat prices are currently lower than other foreign suppliers.

Milling wheat imports are forecast to increase minimally to 2.3 MMT. Despite the trade implications of the Australian drought, Korea will continue to place a high priority on purchasing Australian milling wheat. As a result, imports of U.S. milling wheat for the time being are expected to remain unchanged from the previous forecast of 1.2 MMT. However, if the fair average quality (FAQ) of Australian wheat is found to be poor or if it is simply unavailable, Korean buyers will likely look for alternatives from other countries. Of note, at the request of Korean flour millers, the Australian Wheat Board (AWB) has agreed to hold a crop quality seminar in mid November to discuss the characteristics of the 2006 Australian wheat crop. The US Wheat Association also plans to conduct a crop quality seminar during that same timeframe.

In MY 2005/06, total wheat consumption reached at 3.6 million metric tons (MMT), up 7 percent from the previous year due to greater consumption of feed wheat. However, total wheat consumption in MY 2006/07 is expected to slow down to 3.27 MMT due to limited feed wheat supplies and declining livestock inventories. Meanwhile, milling wheat consumption is projected to remain stable.

WHEAT -- STATISTICAL TABLES

Wheat PSD

PSD Table

Country Korea, Republic of

Commodity Wheat

	(1000 HA)			(1000 MT)			(MT/HA)			
	2004	Revised		2005	Estimate		2006	Forecast		UOM
	Post			Post			Post			
	USDA	Post	Estimate	USDA	Post	Estimate	USDA	Post	Estimate	
	Official	Estimate	New	Official	Estimate	New	Official	Estimate	New	
Market Year Begin		07-2004	07-2004		07-2005	07-2005		07-2006	07-2006	MM/YYYY
Area Harvested	4	4	4	2	2	2	2	0	2	(1000 HA)
Beginning Stocks	958	600	600	936	608	608	833	595	661	(1000 MT)
Production	13	13	13	7	7	7	7	7	7	(1000 MT)
MY Imports	3591	3474	3474	3884	3750	3756	3600	3600	3300	(1000 MT)
TY Imports	3591	3474	3474	3884	3750	3756	3600	3600	3300	(1000 MT)
TY Imp. from U.S.	1310	1277	1277	1092	1200	1170	0	1200	1200	(1000 MT)
Total Supply	4562	4087	4087	4827	4365	4371	4440	4202	3968	(1000 MT)
MY Exports	126	100	100	94	100	93	125	100	100	(1000 MT)
TY Exports	126	100	100	94	100	93	125	100	100	(1000 MT)
Feed Consumption	1090	1107	1107	1535	1500	1435	1100	1300	1000	(1000 MT)
FSI Consumption	2410	2272	2272	2365	2170	2182	2400	2200	2267	(1000 MT)
Total Consumption	3500	3379	3379	3900	3670	3617	3500	3500	3267	(1000 MT)
Ending Stocks	936	608	608	833	595	661	815	602	601	(1000 MT)
Total Distribution	4562	4087	4087	4827	4365	4371	4440	4202	3968	(1000 MT)
Yield	3.25	3.25	3.25	3.5	3.5	3.5	3.5	0	3.5	(MT/HA)

Korea: Import Trade Matrix of Wheat

Import Trade Matrix

Country Korea, Republic of

Commodity Wheat

Time Period July/June Units: 1,000 mt

Imports for: 2004 2005

U.S. 1277 U.S. 1170

Others Others

Canada	732	Canada	1122
Australia	1276	Australia	949
Ukraine	106	Ukraine	413
China	72	China	10
India	10	Brazil	55
		Bulgaria	28

Total for Others 2196 2577

Others not Listed 1 9

Grand Total 3474 3756

Korea: Wheat Imports (1,000 MT, Customs Cleared Basis)			
Marketing Year (July/June)	Feed	Flour	Total
95/96	272	2,235	2,507
96/97	1,197	2,253	3,450
97/98	1,717	2,200	3,917
98/99	2,453	2,237	4,690
99/00	1,304	2,479	3,783
00/01	691	2,410	3,101
01/02	1,498	2,369	3,867
02/03	1,667	2,268	3,935
03/04	921	2,394	3,315
04/05	1,089	2,385	3,474
05/06	1,536	2,220	3,756
06/07 a/	1,000	2,300	3,300

Source: Korea Customs Service
a/ FAS Seoul forecast

Korea: Monthly Wheat Imports (1,000 MT)				
Month	Feed Wheat		Milling Wheat	
	MY 2005/06	MY 2006/07	MY 2005/06	MY 2006/07
July	80	64	179	204
August	120	74	176	190
September	129	91	183	205
Sub Total	329	229	538	599
October	131	Na	211	Na
November	135	Na	223	Na
December	151	Na	230	Na
January	172	Na	115	Na
February	130	Na	215	Na
March	157	Na	170	Na
April	87	Na	179	Na
May	117	Na	176	Na
June	127	Na	163	Na
Total	1,536	Na	2,220	Na

Source: Korea Customs Service

Korea: MY 2006/07 Monthly Wheat Imports By Origin (1,000 MT, based on Customs Clearance)						
Country	U. S.	Australia	Canada	China	Other	Total
Milling Wheat						
2006 July	113	82	9	0	0	204
August	78	102	10	0	0	190
September	113	86	5	0	1	205
Total	304	270	24	0	1	599
Feed Wheat						
2006 July	0	0	44	20	0	64
August	0	0	63	11	0	74
September	0	0	7	84	0	91
Total	0	0	114	115	0	229
Total Wheat						
2006 July	113	82	53	20	0	259
August	78	102	73	11	0	296
September	113	86	12	84	1	312
Total	304	270	138	115	1	828

Source: Korea Customs Service

Korea: Feed Wheat Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of October 24, 2006)		
ETA	Quantity	Price (US\$/MT) ^{1/}
Jul. 2006	27a/	145
Aug.	110b/	145
Sep.	107a/	156
Oct.	55c/	154
Nov.	104a/	157
Dec.	85d/	174
Jan. 2007	52a/	200
Feb.	52a/	200
Mar.	0	Na
Apr.	52a/	199
Total	644	

Source: Local Grain Traders

1/ CNF Korea in average.

a/ China

b/ Canada for 55,000 MT and China for 55,000 MT

c/ Optional origin

d/ Optional origin for 55,000 MT and China for 30,000 MT.

Korea: Post Estimates of Wheat Use (1,000 MT, July/June)				
Year	2003/04	2004/05	2005/06	2006/07 a/
Milling Wheat	2,333	2,272	2,182	2,267
Feed Wheat	942	1,107	1,435	1,000
Total	3,275	3,379	3,617	3,267

Source: Korean Feed Association (KFA)

Korean Flour Millers Industry Association (KOFMIA)

a/ FAS/Seoul forecast

Korea: Monthly Wheat Use (1,000 MT)				
Month	Feed Wheat		Milling Wheat a/	
	MY 2005/06	MY 2006/07	MY 2005/06	MY 2006/07
July	88	113	181	187
August	101	100	195	193
September	109	89	186	205
Sub Total	298	303	562	585
October	120	Na	188	Na
November	133	Na	185	Na
December	135	Na	192	Na
January	125	Na	192	Na
February	120	Na	156	Na
March	134	Na	185	Na
April	125	Na	176	Na
May	122	Na	189	Na
June	123	Na	185	Na
Total	1,435	Na	2,210	Na

Source: KFA and KOFMIA

a/ includes the portion of wheat flour exported, but excludes the portion used in soy-sauce production

CORN

The MY 2006/07 corn import estimate is forecast at 9 MMT, up .3 MMT from the previous forecast. The projected increase is based on the expectation that Korean livestock producers will switch to corn due to the tight availability of feed wheat imports from traditional markets.

Reported corn contract data indicates that Korean feed millers have made contracts on an optional origin basis. It is expected that these contracts will be exercised designating China as the supplier with delivery dates between November 2006 and February 2007. Optional origin contracts with delivery on and after March 2007 are expected to favor U.S. corn. However, strong competition from China will prevent significant growth in imports of U.S. corn, which are forecast to reach 6 MMT in MY 2006/07.

In MY 2005/06, Korea imported 8.48 MMT of corn (1.8 percent less than MY 2004/05). Feed corn imports have decreased to 6.5 MMT, down 3.4 percent from MY 2004/05 while food corn imports have increased by 4.2 percent from the previous year.

Compound feed production in MY 2006/07 is projected to level off in response to reductions in cattle and swine inventories, while poultry production is expected to remain stable.

In MY 2006/07, total corn consumption is forecast at 9.1 MMT, of which 2.1 MMT is used for food and 7 MMT for feed. Corn feed consumption estimate was based was increased due to tight international supplies of feed wheat.

CORN -- STATISTICAL TABLES

Corn PS&D

PSD Table

Country Korea, Republic of
Commodity Corn

	(1000 HA)			(1000 MT)			(MT/HA)			UOM
	2004	Revised		2005	Estimate		2006	Forecast		
	USDA	Post	Post	USDA	Post	Post	USDA	Post	Post	
	Official	Estimate	Estimate	Official	Estimate	Estimate	Official	Estimate	Estimate	
Market Year Begin		10-2004	10-2004		10-2005	10-2005		10-2006	10-2006	MM/YYYY
Area Harvested	18	18	18	15	15	15	16	15	15	(1000 HA)
Beginning Stocks	1416	1586	1586	1466	1632	1632	1429	1595	1608	(1000 MT)
Production	78	78	78	63	63	73	70	68	70	(1000 MT)
MY Imports	8638	8634	8634	8800	8400	8482	8900	8700	9000	(1000 MT)
TY Imports	8638	8634	8634	8800	8400	8482	8900	8700	9000	(1000 MT)
TY Imp. from U.S.	2212	2493	2493	0	5000	5374	0	6000	6000	(1000 MT)
Total Supply	10132	10298	10298	10329	10095	10187	10399	10363	10678	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Consumption	6619	6619	6619	6900	6500	6510	7000	6800	7000	(1000 MT)
FSI Consumption	2047	2047	2047	2000	2000	2069	2000	2000	2100	(1000 MT)
Total Consumption	8666	8666	8666	8900	8500	8579	9000	8800	9100	(1000 MT)
Ending Stocks	1466	1632	1632	1429	1595	1608	1399	1563	1578	(1000 MT)
Total Distribution	10132	10298	10298	10329	10095	10187	10399	10363	10678	(1000 MT)
Yield	4.3333	4.3333	4.3333	4.2	4.2	4.86667	4.375	4.53333	4.66667	(MT/HA)

Korea: Import Trade Matrix of Corn

Import Trade Matrix

Country Korea, Republic of

Commodity Corn

Time Period	Oct/Sep	Units:	1,000 mt
Imports for:	2004		2005
U.S.	2493	U.S.	5374
Others		Others	
China	4951	China	2701
Brazil	929	Brazil	406
Argentina	228		
Total for Others	6108		3107
Others not Listed	33		1
Grand Total	8634		8482

Korea: Corn Imports (1,000MT, Customs Cleared Basis)							
Marketing Year	From World			From the U. S.			U. S. Share
	Feed	Ind.	Total	Feed	Ind.	Total	%
93/94	4,049	1,647	5,696	199	181	380	7
94/95	6,463	1,760	8,223	6,192	1,420	7,612	93
95/96	7,166	1,797	8,963	6,855	1,699	8,554	95
96/97	6,455	1,881	8,336	3,869	1,629	5,498	66
97/98	5,755	1,773	7,528	1,610	1,699	3,309	44
98/99	5,593	1,921	7,514	4,543	1,891	6,434	86
99/00	6,618	2,060	8,678	1,610	1,620	3,230	37
00/01	6,568	2,155	8,723	2,169	1,120	3,289	38
01/02	6,474	2,128	8,602	1,487	111	1,598	19
02/03	6,657	2,137	8,794	306	24	330	4
03/04	6,659	2,117	8,776	2,921	336	3,257	37
04/05	6,739	1,895	8,634	2,303	190	2,493	29
05/06	6,507	1,975	8,482	4,813	561	5,374	63
06/07 a/	7,000	2,000	9,000	5,500	500	6,000	68

Source: FAS Seoul

a/ FAS/Seoul forecast.

Korea: Corn Contracts per Estimated Time of Arrival (ETA) in MY 2006/07 (Unit: 1,000 MT, as of October 24, 2006)					
ETA	U.S.	China	SOAM 1/	Others 2/	Total
Oct. 2006	385	30	0	275	690
Nov.	275	0	0	660	935
Dec.	108	25	0	220	353
Jan. 2007	165	269	0	440	874
Feb.	0	275	0	385	660
Mar.	55	55	0	165	275
Total	988	654	0	2,145	3,787

Source: Local Grain Traders

1/ South American Countries

2/ Includes optional origins

Korea: Total Corn Utilization (Oct./Sept., 1,000 MT)				
Marketing Year	Feed	Processing a/	Food b/	Total
1997/98	5,875	1,715	83	7,673
1998/99	5,560	1,886	80	7,526
1999/00	6,541	2,004	79	8,624
2000/01	6,460	2,092	64	8,616
2001/02	6,584	2,094	57	8,735
2002/03	6,569	2,145	68	8,782
2003/04	6,614	2,057	51	8,722
2004/05	6,619	1,966	81	8,666
2005/06 c/	6,510	1,996	73	8,579
2006/07 c/	7,000	2,000	75	9,075

Source: Korean Feed Association (KFA), Korea Corn Processing Industry Association (KOCPIA)

a/ Used for wet and dry milling process based on imported corn.

b/ For on-farm human consumption (on-the-cob) or snack food consumed on-the-cob, as puffed kernels or as corn tea. Imported white corn for popping has been included since MY 2004.

c/ FAS Seoul forecast.

Korea: Compound Feed Production per Animal (October/September, 1,000 MT)			
Animal Type	MY 2003/04	MY 2004/05	MY 2005/06
Poultry	3,796	4,188	4,238
Swine	5,473	5,244	5,176
Cattle	4,713	4,812	5,096
Others b/	866	815	898
Total	14,848	15,059	15,408

a/ FAS/ Seoul forecast

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

Source: Korea Feed Association (KFA)

Korea: Feed Ingredient Use for Compound Feed Production (October/September, 1,000 MT)				
Items	MY 2003/04	MY 2004/05	MY 2005/06	MY 2006/07 a/
Sub. Total Grains and Grain Substitutes	9,831	9,891	10,118	10,100
- Wheat	859	1,153	1,440	1,000
- Corn	6,614	6,619	6,510	7,000
- Rye	107	1	0	2,100
- Barley	27	25	27	
- Other Grains and Grain Substitute	2,224	2,093	2,141	
Others	5,105	5,219	5,351	5,400
Grand Total	14,936	15,110	15,469	15,500

a/ FAS Seoul forecast.

Source: Korea Feed Association (KFA)

RICE

Rice, Milled PSD

PSD Table

Country Korea, Republic of
Commodity Rice, Milled

	2004 Revised			2005 Estimate			(1000 HA)(1000 MT)(MT/HA)			UOM
	2004	Revised		2005	Estimate		2006	Forecast		
	USDA	Post	Post	USDA	Post	Post	USDA	Post	Post	
	Official	Estimate	Estimate	Official	Estimate	Estimate	Official	Estimate	Estimate	
Market Year Begin		11-2004	11-2004		11-2005	11-2005		11-2006	11-2006	MM/YYYY
Area Harvested	1001	1001	1001	980	980	980	955	975	955	(1000 HA)
Beginning Stocks	845	845	845	906	906	852	1096	1090	761	(1000 MT)
Milled Production	5000	5000	5000	4768	4768	4768	4650	4700	4636	(1000 MT)
Rough Production	6737	6737	6737	6435	6435	6435	6276	6351	6257	(1000 MT)
Milling Rate (.99%)	7422	7422	7422	7409	7409	7409	7409	7400	7409	(1000 MT)
MY Imports	192	192	192	400	400	217	265	266	255	(1000 MT)
TY Imports	120	120	120	475	471	226	265	266	246	(1000 MT)
TY Imp. from U.S.	14	32	32	0	100	56	0	60	71	(1000 MT)
Total Supply	6037	6037	6037	6074	6074	5837	6011	6056	5652	(1000 MT)
MY Exports	269	269	269	125	131	221	100	0	0	(1000 MT)
TY Exports	400	400	400	100	0	90	100	0	0	(1000 MT)
Total Consumption	4862	4862	4916	4853	4853	4855	4841	4841	4861	(1000 MT)
Ending Stocks	906	906	852	1096	1090	761	1070	1215	791	(1000 MT)
Total Distribution	6037	6037	6037	6074	6074	5837	6011	6056	5652	(1000 MT)
Yield (Rough)	6.7303	6.73027	6.73027	6.5663	6.56633	6.56633	6.5717	6.51385	6.55183	(MT/HA)

Production

In September, the Korean Ministry of Agriculture and Forestry (MAF) conducted a nationwide survey of 9,000 rice producers to gauge domestic rice production for 2006. Survey results indicated minimal declines in planted acreage and average yields compared to last year. Based on these survey results, MAF has revised its 2006 rice production estimate slightly downward to 4.64 million metric tons (MMT), down 2.8 percent from last year. MAF will release its final production estimate in mid November shortly after the rice harvest is completed.

Between October and December 2006, the Korean government plans to purchase 504,000 MT (milled basis) as part of the Public Storage System for Emergencies (PSSE). Of note, the planned purchased amount represents 11 percent of the 2006 rice crop estimate. Under this support program, the government purchases the rice at the current market price and then later sales the rice during non-harvest periods at the new market price.

Korea: Rice Area, Yield and Production			
Crop Year	Area (1,00HA)	Yield (KG/10A)	Production (Milled, 1,000 MT)
1991	1,209	446	5,385
1992	1,157	461	5,331
1993 a/	1,136	418	4,750
1994	1,103	459	5,060
1995 b/	1,056	445	4,694
1996	1,050	507	5,323
1997	1,052	518	5,449
1998	1,059	482	5,097
1999	1,066	495	5,263
2000	1,072	497	5,291
2001	1,083	516	5,515
2002 c/	1,053	471	4,927
2003 d/	1,016	441	4,451
2004	1,001	504	5,000
2005	980	490	4,768
2006 e/	955	489	4,636

Source: MAF

a/ Wet and unseasonably cool weather during the summer

b/ Flood damage in August in the central regions and unfavorable weather throughout the peninsula during the latter part of the growing season

c/ Heavy rains during the summer and the effects of typhoon Rusa (Aug 31 – Sep 1)

d/ Cool and rainy days during the growing season and the effects of typhoon Maemi (Sep 9 - 12)

e/ September 15 crop survey estimate by MAF's National Agricultural Products Quality Management Service (NAQS)

Government Rice Purchases for Public Storage System for Emergencies					
Crop Year	Production (1,000 MT)	Purchase (1,000 MT)	%	Price a/	
				Korean Won/Kg	US\$/MT b/
1996	5,323	1,267	24	1,725	2,144
1997	5,449	1,224	22	1,725	1,816
1998	5,097	928	18	1,818	1,296
1999	5,263	876	17	1,911	1,607
2000	5,291	906	17	2,016	1,784
2001	5,515	828	15	2,097	1,625
2002	4,927	789	16	2,097	1,675
2003	4,451	750	17	2,097	1,760
2004	5,000	711	14	2,097	1,833
2005 c/	4,768	719	15	2,072	2,023
2006 d/	4,636	504	11	na	na

Source: MAF

a/ #1 grade basis

b/ Applied exchange rate is on the annual weighted average

c/ Includes the portion of direct payment for income compensation

d/ Preliminary

Production Policy

In 2007, under the Direct Payment Program for Rice Income Compensation, MAF plans to spend a record 2.42 trillion won (US\$2.56 billion), up 24 percent from the prior year. The planned support payments will account for 20 percent of MAF's total 2007 budget of 12.13 trillion won. As part of this newly instituted program, Korean rice farmers receive two income support payments, an area payment and a deficiency payment. These support payments are intended to counter the perceived financial challenges associated with the gradual opening of the Korean market to imported rice.

Area Payment (Fixed direct payments): The total area qualifying for payment is defined as the average area where rice had been produced during the 1998-2001 base period. The 2006 area payment is 700,000 won per hectare, up 100,000 won from the previous year.

Deficiency Payment (Variable direct payments): A deficiency payment is provided to farmers based on the difference between a target price and the average market price during the harvest season (Oct-Dec). In 2005, the deficiency payment amounted to slightly over 196 won (19 cents) per Kg on a milled rice basis. The payment is 85 percent of the difference between the national-average market price during the 2005 harvest season and the 2005 target price, less the area payment.

The national-average market price during the 2005 harvest was 1,750 won (US\$ 1.71) per Kg (milled basis). The target price was set at Korean Won 2,126 (US\$ 2.08) per Kg (milled basis) based on the average price for the past three years, and is applicable for crop years 2005 - 2007. Of note, the target price will be revised every three years through a review/approval process in the National Assembly. The area payment of 600,000 won is converted to a per Kg equivalent by dividing it by the 1999-2003 Olympic average yields¹ as shown below:

¹ The Olympic average is calculated by excluding the highest and lowest years during the 1999-2003 base period and then averaging yearly production for the three remaining reference years.

$[(\text{Target Price} - \text{Average Harvest Price}) \times .85] - \text{Area Payment per ha/Olympic average per ha}$

$[(W 2126.04 - W1,750.35) \times .85] - W600,000/4,880 \text{ kg} = W 196.39$

Direct Payment Program for Rice Income Compensation								
Year	Area Payment (A)			Deficiency Payment (B)			Total (Billion Won) (A) + (B)	Government Budget (Billion Won)
	Area (1,000 HA) ^{1/}	Payment (Won/HA)	Total (Billion Won)	Production (1,000 MT) ^{2/}	Payment (Won/Kg)	Total (Billion Won)		
2005	1,006	600,000	603.8	4,600	196.4	901.5	1,505.3	1,600
2006	1,006	700,000	704.2	4,600	Na	Na	Na	1,942
2007	1,006	Na	Na	4,600	Na	Na	Na	2,420

Source: FAS/Seoul estimate based on MAF data

1/ Those eligible for payment include farmers, farming union corporations, agricultural corporations, or anyone producing rice on a minimum of 0.1 HA of farmland between Jan 1, 1998 and Dec 31, 2000

2/ Olympic average rice yield is 4,880 Kg per hectare

Consumption

Despite a growing population, per capita rice consumption continues to decline due to changes in eating habits. These changes are due in part to rising incomes and the growing popularity of Western foods.

Korea: Rice Domestic Utilization Pattern			
	(1,000 MT)		
Rice Year (Nov.- Oct.)	MY 2004/05 ^{a/}	MY 2005/06 ^{b/}	MY 2006/07 ^{c/}
Table Rice	3,897	3,856	3,820
Processing	324	365	400
Seed	42	41	41
Others included loss	653	593	600
Total Demand	4,916	4,855	4,861
Per Capita Consumption (Kg) d/	80.7	79.5	78.4
Population (1,000)	48,294	48,500	48,700

Source: MAF

a/ MAF Revised

b/ MAF Preliminary

c/ FAS/Seoul Forecast

d/ Based on table rice

Trade

Under the 2006 Minimum Market Access Agreement (MMA), Korea plans to purchase 245,922 MT of rice (milled) through international open tenders in late 2006. Nearly 85 percent or 205,228 MT of the total purchase will be imported from nations with country specific quotas (CSQs), including the United States, China, Thailand and Australia. The remainder, 40,694 MT will be distributed as part of the global quota.

MAF has divided the 2006 MMA into seven tranches, which are managed by two State Trading Enterprises, the Korea Agro-Fisheries Trading Corporation (aT) and the Public Procurement Service (PPS).

2006 MMA Rice Allocation (MT, milled rice)							
Calendar Year	Total	Global Quota (MFN)	Country Specific Quota (CSQs)				
			Total	USA	China	Thailand	Australia
2005	225,575	20,347a/	205,228	50,076	116,159	29,963	9,030
2006	245,922	40,694	205,228	50,076	116,159	29,963	9,030

Source: MAF and aT

A/ Of the total global quota, the United States received an allocation of 6,104 MT, while China and Thailand received an allocation of 11,192 MT and 3,052 MT, respectively.

Country Specific Quota (CSQs): The table rice portion of the 2006 MMA is 34,429 MT (milled), or 14 percent of the total MMA. The amount of table rice as part of the overall MMA will continue to grow by 4 percentage points annually until it reaches 30 percent in 2010, at which time it will remain fixed until the MMA expires in 2014. As the allocation amount of table rice increases over time, there will be a corresponding decrease in the allocated amount for processing rice. Under the 2006 MMA, the United State's CSQ allocation for table and processing rice is 10,414 MT and 39,662 MT, respectively.

Based on the 2005 MMA auction results, MAF made two important modifications to the 2006 MMA. First, MAF decided to boost the table rice allocation rate for the United States and China due to slow Thai table rice auctions in the 2005 MMA. As a result, the US and China's table rice 2006 allocations are now 30.3 percent and 62.4 percent, respectively. Second, MAF decided to increase the percentage of imports of U.S. rice #1 grade to 60 percent, up from 50 percent in the 2005 MMA. The remaining 40 percent of U.S. table rice will remain #3 grade.

2006 Table Rice Allocation Based on CSQ (MT, milled rice)					
	USA	China	Thailand	Australia	Total
2005	5,504	12,767	3,293	993	22,557
%	24.4	56.6	14.6	4.4	100
2006	10,414	21,500	1,000	1,515	34,429
%	30.3	62.4	2.9	4.4	100

Source: MAF

2006 Processing Rice Allocation Based on CSQ (MT, milled rice)					
	USA	China	Thailand	Australia	Total
2005	44,572	103,392	26,670	8,037	182,671
%	24.4	56.6	14.6	4.4	100
2006	39,662	94,659	28,963	7,515	170,799
%	23.2	55.4	17	4.4	100

Source: MAF

Global Quota: Under the 2006 global quota, Korea will import 40,694 MT of rice (milled) rice for processing, including medium, short and long grain varieties. In the October 11, 2006 global quota tender, Korea only purchased Chinese long grain brown rice of 6,782 MT (equivalent to 6,104 MT, milled) for \$345/MT CIP from COFCO/China with delivery by January 15, 2007. U.S. rice exporters were reluctant to participate in the bidding due to uncertainties over Non-GMO certification. The re-tender of the global quota for short and medium grain rice from other origins is expected in the near future.

2006 Global Quota Allocation per Rice Variety (MT, milled rice)				
	Medium Grain	Short Grain	Long Grain	Total
2005	6,104	11,192	3,052	20,347
%	30	55	15	100
2006	13,022	21,568	6,104	40,694
%	32	53	15	100

Source: MAF

GMO Rice Issue: MAF requires all rice shipments to be accompanied by a Non-GMO certificate. Korea's Food and Drug Administration (KFDA) plans to test incoming shipments for the presence GM materials. If KFDA confirms its presence, the shipment shall be destroyed or shipped back at the contractor's expense. Also, the payment for the rice, if any previously made, shall be returned.

Rice Exports: In 2006, the Korean government approved a total donation of 100,000 MT of domestic milled rice as part of an aid package to help North Korea (Democratic People's Republic of Korea—DPRK) to recover from flooding experienced during the summer of 2006. However, only 89,500 MT was delivered before aid was suspended after North Korea conducted its nuclear test.

Korea: Rice Aid to North Korea					
(Unit: MT, Domestic Rice)					
Month of Shipment	CY 2002	CY 2003	CY 2004	CY 2005	CY 2006
January	0	42,200	0	0	0
February	0	0	0	0	0
March	0	0	0	0	0
April	0	0	5,000	0	0
May	0	0	0	0	0
June	0	0	0	0	0
July	0	76,534	15,926	13,000	0
August	0	80,231	30,114	83,450	300a/
September	24,100	64,935	30,955	67,550	85,200a/
October	102,100	72,800	23,085	104,500	4,000a/
November	108,800	78,400	0	81,800	0
December	122,800	27,100	0	49,700	0
Total	357,800	442,200	105,080	400,000	89,500
Marketing Year (Nov/Oct)	MY 2001/02	MY 2002/03	MY 2003/04	MY 2004/05	MY 2005/06
	126,200	568,300	210,500	268,500	221,000

a/ Flood aid

Source: Ministry of Unification

Appendix:

Korea: Allocation of the MMA for 2005-2014 (MT, milled rice)							
Calendar Year	Total	Global Quota	Country Specific Quota (CSQs)				
			Total	USA	China	Thailand	Australia
2005	225,575	20,347 ^{A/}	205,228	50,076	116,159	29,963	9,030
2006	245,922	40,694	205,228	50,076	116,159	29,963	9,030
2007	266,269	61,041	205,228	50,076	116,159	29,963	9,030
2008	286,616	81,388	205,228	50,076	116,159	29,963	9,030
2009	306,963	101,735	205,228	50,076	116,159	29,963	9,030
2010	327,310	122,082	205,228	50,076	116,159	29,963	9,030
2011	347,657	142,429	205,228	50,076	116,159	29,963	9,030
2012	368,004	162,776	205,228	50,076	116,159	29,963	9,030
2013	388,351	183,123	205,228	50,076	116,159	29,963	9,030
2014	408,698	203,470	205,228	50,076	116,159	29,963	9,030

Source: MAF

A/ Of the total global quota, the United States received an allocation of 6,104 MT, while China and Thailand received an allocation of 11,192 MT and 3,052 MT, respectively.

Korea: Import Schedule of Table Rice (Milled Rice, MT)			
Calendar Year	Total	Table Purpose	Rate of Table Rice (%)
2005	225,575	22,558	10
2006	245,922	34,429	14
2007	266,269	47,928	18
2008	286,616	63,056	22
2009	306,963	79,810	26
2010	327,310	98,193	30
2011	347,657	104,297	30
2012	368,004	110,401	30
2013	388,351	116,505	30
2014	408,698	122,609	30

Source: MAF

Korea: Rice allocation per Country on the buying tender under MMA (Milled basis, MT)							
Calendar Year	MMA Quota	U.S.A.	China	Thailand	India	Vietnam	Australia
1995	51,307	0	0	0	51,307	0	0
1996	64,134	0	64,134	0	0	0	0
1997	76,961	0	58,961	18,000	0	0	0
1998	89,787	0	83,478	6,300	0	0	0
1999	102,614	0	80,114	13,500	0	9,000	0
2000	102,614	0	84,614	18,000	0	0	0
2001	128,268	27,000	63,000	18,000	0	0	20,268
2002	153,921	36,000	95,421	22,500	0	0	0
2003	179,575	49,500	103,075	27,000	0	0	0
2004	205,228	58,500	117,028	29,700	0	0	0
2005	225,575	56,180	127,351	33,015	0	0	9,030
Total	1,379,984	227,180	877,185	186,015	51,307	9,000	29,298

Source: FAS/Seoul