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Korea, Republic of

Grain and Feed

Quarterly Grain and Feed Trade Report

2005

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Report Highlights: Additional feed wheat imports are expected to displace some corn imports in MY 2005/06. On October 27, Korea's agreement with the World Trade Organization (WTO) to extend special treatment for rice imports was approved at the committee level in the National Assembly. Full National Assembly ratification of the agreement may occur in November. However, it appears unlikely that Korea will be able to purchase and import its 225,575-ton WTO rice import commitment for 2005 in the remaining two months of the year. 2005 and 2006 rice import estimates in this report have been adjusted accordingly.

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

Wheat

Harvested area of wheat declined 37 percent to 2,395 hectares (ha) for the 2005 crop. The 2005 wheat crop is estimated at 7,300 metric tons (MT) using the revised harvested area and five-year average yields. Official production data will be released in March 2006.

The estimate for MY 2005/06 wheat imports has been increased to 3.9 million metric tons (MMT), up 0.4 MMT from the previous forecast. The increase is based on higher than expected contracts for feed wheat imports which are now estimated to reach 1.5 MMT in MY 2005/06. Traders report that feed wheat prices are now roughly \$10/MT lower than corn imported from the United States or South America.

Feed millers have purchased feed wheat on an optional origin basis for February 2006 delivery. Contracted quantities of feed wheat to be delivered during the period from July 2005 to early February 2006 have reached more than one MMT. Wheat consumption is revised accordingly to reflect the expected increase in feed wheat usage. For the first quarter of MY 2005/06, feed wheat consumption increased 18 percent over the same period of the previous marketing year.

Corn

The harvested area of the 2005 corn crop was estimated at 15,176 ha, a 17 percent decrease from the 2004 crop. The 2005 corn crop is estimated at 63,000 mt based on the five-year average yield and revised harvested area estimates.

The MY 2005/06 corn import estimate has been reduced by .2 MMT to a new level of 8.4 MMT. The reduction reflects expectations that Korea will import additional feed wheat. The additional feed wheat imports are driven by lower feed wheat prices prompted by the increased supply of Eastern European and Canadian feed wheat.

The estimate of Korea's U.S. corn imports in MY 2005/06 has been increased to 3.3 MMT from the previous forecast of 2 MMT. Greater interest in U.S. corn vs. Chinese appears to be related to a perceived increase in the risk associated with getting a shipment of Chinese corn that does not meet contract quality or weight specifications. At present, Korean buyers will reportedly only buy Chinese corn if the quality of the corn is assessed and considered final at discharge port in Korea. In this way, buyers avoid the risk that the quality of the corn will decline substantially in transit.

Major grain suppliers also appear to be wary of the risk of substantial deterioration of Chinese corn in transit. Accordingly, major grain suppliers will only supply Chinese corn to Korea if the quality and weight are assessed and considered final at loadport. Some smaller grain trading companies are still willing to supply Chinese corn to Korea with quality and weight assessed at discharge. However, the unwillingness of either the Korean buyers or major international grain trading companies to bear the risk of meeting contract specifications with Chinese corn appears to be resulting in a shift toward U.S. corn with quality assessed at loading port.

In MY 2004/05, Korea imported 8.63 MMT of corn (1.7 percent less than MY 2003/04). Feed corn imports have increased to 6.74 MMT (1.2 percent higher than MY 2003/04). Food corn imports have declined to 1.9 MMT (10.5 percent less than the previous year) because of slow consumption for food processing attributed to the sluggish economy. Local corn processors have also suffered from tough competition with Chinese corn products that have been very competitive in both quality and price.

Rice

On October 27, 2005, the Unification, Foreign Affairs, and Trade Committee of the National Assembly approved the agreement that the ROK Government reached with WTO members at the end of 2004 to extend and further liberalize quantitative restrictions on rice imports. A vote to ratify the WTO rice agreement is expected to occur in the plenary session of the National Assembly is expected to occur in November.

Under the agreement with the WTO, Korea committed to importing 225,575 MT of rice from WTO countries in 2005. However, delays in ratification of the agreement and ensuing delays in implementation of the agreement are expected to result in a significant portion of the 2005 import commitment arriving in 2006. Accordingly, the import estimate for CY 2005 was reduced to 120,000 MT¹ and the import estimate for CY 2006 was increased to 471,000 MT in the rice PS&D table in this report.

The Republic of Korea (ROK) agreed several months ago to provide 500,000 MT rice aid to the Democratic People's Republic of Korea (DPRK) in 2005. The package includes 100,000 MT of rice purchased by the ROK from third countries for delivery directly to the DPRK. The remaining 400,000 MT will be sourced from rice produced in the ROK. Out of the 400,000 MT domestic rice commitment, 268,500 MT had been shipped via truck and vessel as of October 31, 2005. The government expects delivery of the remaining portion of locally produced rice to be completed by the middle of December 2005.

To fulfill the 100,000 ton commitment for third-country rice, the Korea Agro-Trade Corporation (KATC)² tendered on behalf of the Ministry of Unification to purchase Thai long grain rice (equivalent to U.S. No. 3). As a result of the tender, KATC purchased 50,000 MT of Thai long grain on October 28, 2005 at a price of \$315.98/MT CNFFO, North Korean ports. Earlier tenders for Vietnamese long grain rice reportedly failed due to high content of chalky kernels detected in samples presented at the tenders. The KATC will hold another tender to purchase the remaining 50,000 MT for the DPRK on November 3, 2005. Delivery is required to be completed by the end of December 2005.

¹ Tendering delays in CY 2004 resulted in 120,000 MT of rice that was supposed to apply to the 2004 WTO import commitment being delivered in CY 2005.

² KATC is the new name of the state trading company affiliated with the ROK Ministry of Agriculture and Forestry. KATC was formerly known as AFMC or Agricultural Fisheries Marketing Corporation.

PSD Table

Country Commodity	Korea, Republic of Wheat						UOM
	(1000 HA)			(1000 MT)			
	2003	Revised	2004	Estimate	2005	Forecast	
	USDA Official [	Estimate[1]	USDA Official [	Estimate[1]	USDA Official [	Estimate[New]
Market Year Begin	07-2003		07-2004		07-2005	MM/YYYY	
Area Harvested	2	2	4	4	4	2 (1000 HA)	
Beginning Stocks	985	603	958	600	936	608 (1000 MT)	
Production	10	10	13	13	12	7 (1000 MT)	
TOTAL Mkt. Yr. Imports	3434	3341	3591	3474	3700	3900 (1000 MT)	
Jul-Jun Imports	3434	3341	3591	3474	3700	3900 (1000 MT)	
Jul-Jun Import U.S.	1466	1371	1310	1277	0	1300 (1000 MT)	
TOTAL SUPPLY	4429	3954	4562	4087	4648	4515 (1000 MT)	
TOTAL Mkt. Yr. Exports	131	79	126	100	125	100 (1000 MT)	
Jul-Jun Exports	131	79	126	100	125	100 (1000 MT)	
Feed Dom. Consumption	920	942	1090	1107	1200	1500 (1000 MT)	
TOTAL Dom. Consumpti	3340	3275	3500	3379	3600	3772 (1000 MT)	
Ending Stocks	958	600	936	608	923	643 (1000 MT)	
TOTAL DISTRIBUTION	4429	3954	4562	4087	4648	4515 (1000 MT)	

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
05/06a/	1,500	2,400	3,900

a/ FAS Seoul forecast

Source: Korea Customs Service

Korea: Monthly Wheat Imports (1,000 MT)				
Month	Feed Wheat		Milling Wheat	
	MY 2004/05	MY 2005/06	MY 2004/05	MY 2005/06
July	88	80	215	179
August	59	120	176	176
September	81	129	198	183
Sub Total	228	329	589	538
October	127	na	209	na
November	107	na	198	na
December	83	na	237	na
January	138	na	217	na
February	83	na	171	na
March	120	na	199	na
April	93	na	172	na
May	98	na	214	na
June	11	na	179	na
Total	1,089	Na	2,385	Na

Source: Korea Customs Service

Korea: MY 2005/06 Monthly Wheat Imports By Origin (1,000 mt, based on Customs Clearance)					
Country	U. S.	Australia	Canada	Other 1/	Total
Milling Wheat					
2005 July	84	83	12	0	179
August	110	60	6	0	176
September	57	114	12	0	183
Total	251	257	30	0	538
Feed Wheat					
2005 July	0	0	80	0	80
August	0	0	119	1	120
September	0	0	119	10	129
Total	0	0	318	11	329
Total Wheat					
2005 July	84	83	92	0	259
August	110	60	125	1	296
September	57	114	131	10	312
Total	251	257	348	11	867

Source: Korea Customs Service

Korea: Feed Wheat Contracts per Estimated Time of Arrival (ETA) (Unit: 1,000MT, as of October 2005)		
ETA	Quantity 1/	Price 2/
Oct. 2005	163	131
Nov.	110	125
Dec.	108	125
Jan. 2006	165	126
Feb.	215	132
Total	761	

1/ optional origin

2/ weighted average, CNF Korea.

Source: Local Grain Traders

Korea: Post Estimates of Wheat Use (1,000 MT, July/June)				
Year	2002/03	2003/04	2004/05	2005/06 a/
Milling Wheat	2,322	2,333	2,272	2,300
Feed Wheat	1,628	942	1,107	1,500
Total	3,950	3,275	3,379	3,800

a/ FAS/Seoul forecast

b/ included 60,000 MT of soy sauce purpose.

Source: Korean Feed Association (KFA)

Korean Flour Millers Industry Association (KOFMIA)

Korea: Monthly Wheat Use				
(1,000 MT)				
Month	Feed Wheat		Milling Wheat	
	MY 2004/05	MY 2005/06	MY 2004/05	MY 2005/06
July	79	88	188	181
August	83	101	198	195
September	90	109	192	186
Sub Total	252	298	578	562
October	104	na	201	na
November	109	na	192	na
December	102	na	191	na
January	92	na	232	na
February	87	na	156	na
March	92	na	192	na
April	88	na	185	na
May	91	na	186	na
June	90	na	186	na
Total	1,107	Na	2,299	Na

PSD Table

Country Korea, Republic of
Commodity Corn

	(1000 HA)(1000 MT)						
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate[1]	A Official [	Estimate[1]	A Official [	Estimate[New]	
Market Year Begin	10-2003		10-2004		10-2005		MM/YYYY
Area Harvested	17	17	18	18	19	15	(1000 HA)
Beginning Stocks	1285	1462	1428	1586	1206	1683	(1000 MT)
Production	70	70	78	78	80	63	(1000 MT)
TOTAL Mkt. Yr. Imports	8783	8776	8500	8634	8500	8400	(1000 MT)
Oct-Sep Imports	8783	8776	8500	8634	8500	8400	(1000 MT)
Oct-Sep Import U.S.	3946	3257	0	2493	0	3300	(1000 MT)
TOTAL SUPPLY	10138	10308	10006	10298	9786	10146	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	6602	6614	6700	6619	6800	6500	(1000 MT)
TOTAL Dom. Consumpti	8710	8722	8800	8615	8900	8450	(1000 MT)
Ending Stocks	1428	1586	1206	1683	886	1696	(1000 MT)
TOTAL DISTRIBUTION	10138	10308	10006	10298	9786	10146	(1000 MT)

Import Trade Matrix

Country Korea, Republic of
Commodity Corn

Time Period	Oct./Sept.	Units:	1,000MT
Imports for:	2003		2004
U.S.	3257	U.S.	2493
Others		Others	
China	3671	China	4951
Brazil	1064	Brazil	929
Argentina	203	Argentina	228
Thailand	322		
India	235		
Total for Others	5495		6108
Others not Listed	24		33
Grand Total	8776		8634

Korea: Corn Imports

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 a/	6,500	1,900	8,400	3,000	300	3,300	39

a/ FAS/Seoul forecast.

Source: FAS Seoul

Korea: Corn Contracts per Estimated Time of Arrival (ETA) (Unit: 1,000MT, as of October 2005)					
ETA	U.S.	China	SOAM 1/	Others 2/	Total
Oct. 2005	515	122	0	53	590
Nov.	375	186	0	0	561
Dec.	303	58	0	213	574
Jan. 2006	0	93	0	108	201
Total	1,193	459	0	374	2026
Comparison Rate	59%	23%	0	18%	100%

1/ South American Countries

2/ Includes optional origins

Source: Local Grain Traders

Korea: Total Corn Utilization

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	1,930	66	8,615
2005/06c/	6,500	1,930	63	8,500

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.

c/ FAS Seoul forecast.

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

Korea: Feed Ingredient Use for Compound Feed Production (October/September, 1,000 MT)				
Items	MY 2002/03	MY 2003/04	MY 2004/05	MY 2005/06 a/
Sub. Total Grains and Grain Substitutes	10,124	9,831	9,891	10,000
- Wheat	1,608	859	1,153	1,500
- Corn	6,569	6,614	6,619	6,500
- Rye	52	107	1	2,000
- Barley	3	27	25	
- Other Grains and Grain Substitute	1,892	2,224	2,093	
Others	5,296	5,105	5,219	5,200
Grand Total	15,420	14,936	15,110	15,200

a/ FAS Seoul forecast.

Source: Korea Feed Association (KFA)

Korea: Feed Production per Animal (October/September, 1,000 MT)			
Animal Type	MY 2003/04	MY 2004/05	MY 2005/06 a/
Poultry	3,796	4,188	4,100
Swine	5,473	5,244	5,300
Cattle	4,713	4,812	4,900
Others b/	866	815	800
Total	14,848	15,059	15,100

a/ FAS/ Seoul forecast

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

Source: Korea Feed Association (KFA)

PSD Table

Country Commodity	Korea, Republic of Rice, Milled						UOM
	(1000 HA)			(1000 MT)			
	2003	Revised	2004	Estimate	2005	Forecast	
	USDA Official [	Estimate[1]	USDA Official [	Estimate[1]	USDA Official [	Estimate[New]	
Market Year Begin	11-2003		11-2004		11-2005		MM/YYYY
Area Harvested	1016	1016	1001	1001	980	980	(1000 HA)
Beginning Stocks	1025	1025	821	821	895	973	(1000 MT)
Milled Production	4451	4451	5000	5000	4900	4750	(1000 MT)
Rough Production	6151	6151	6737	6737	6622	6418	(1000 MT)
MILLING RATE (.9999)	7236	7236	7422	7422	7400	7401	(1000 MT)
TOTAL Imports	193	193	165	192	305	400	(1000 MT)
Jan-Dec Imports	188	188	175	120	305	471	(1000 MT)
Jan-Dec Import U.S.	45	63	0	32	0	100	(1000 MT)
TOTAL SUPPLY	5669	5669	5986	6013	6100	6123	(1000 MT)
TOTAL Exports	211	211	350	269	0	131	(1000 MT)
Jan-Dec Exports	105	105	400	400	0	0	(1000 MT)
TOTAL Dom. Consumption	4637	4637	4741	4771	4663	4663	(1000 MT)
Ending Stocks	821	821	895	973	1437	1329	(1000 MT)
TOTAL DISTRIBUTION	5669	5669	5986	6013	6100	6123	(1000 MT)

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	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

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 Import Under MMA (Customs Cleared Basis, Milled Rice, 1,000 MT)											
CY	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
MMA	51	64	77	88	103	103	128	154	180	205	226
TRQ											
Jan	0	24	0	23	45	39	0	20	29	94	50
Feb	0	27	0	23	33	0	0	14	0	2	64
Mar	0	0	0	9	6	14	0	0	23	7	6
Apr	0	0	0	0	6	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0
Jun	0	0	0	0	0	0	0	0	0	0	0
Jul	0	0	0	0	0	0	0	0	0	0	0
Aug	0	20	0	0	0	0	0	0	0	0	0
Sep	0	38	0	0	0	0	0	0	0	0	0
Oct	0	0	0	0	9	7	0	0	0	14	0
Nov	0	0	0	0	0	36	0	28	0	6	0
Dec	0	0	22	0	41	59	84	74	77	66	0
CY Total	0	109	22	55	140	155	84	136	129	188	120
MY(Nov./Oct.)		95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05
		109	0	77	99	101	95	117	154	193	192

Source: Korea Customs Service

Korea: Rice Import Under MMA per Country (Customs Cleared Basis, Milled Rice, 1,000 MT)											
CY	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005a/
USA	0	0	0	0	0	0	3	50	14	63	32
China	0	58	22	37	125	119	63	66	93	80	77
Thailand	0	0	0	18	6	36	18	0	23	45	12
India	0	51	0	0	0	0	0	0	0	0	0
Australia	0	0	0	0	0	0	0	20	0	0	0
Vietnam	0	0	0	0	9	0	0	0	0	0	0
Total	0	109	22	55	140	155	84	136	129	188	120

a/ Imports for Jan – Oct 2005.

Source: Korea Customs Service

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	na
February	0	0	0	0	na
March	0	0	0	0	na
April	0	0	5,000	0	na
May	0	0	0	0	na
June	0	0	0	0	na
July	0	76,534	15,926	13,000	na
August	0	80,231	30,114	83,450	na
September	24,100	64,935	30,955	67,550	na
October	102,100	72,800	23,085	104,500	na
November	108,800	78,400	0	62,500a/	na
December	122,800	27,100	0	69,000a/	na
Total	357,800	442,200	105,080	400,000	na
Marketing Year (Nov/Oct)	MY 2001/02	MY 2002/03	MY 2003/04	MY 2004/05	MY2005/06
	126,200	568,300	210,500	268,500	131,500

a/ tentative plan.

Source: Ministry of Unification

North Korea: Grain Aid on Long-Term Credit by South Korean Government					
Year	Commodity	Quantity (MT)	Price (US\$/MT)	Amount (million US\$)	Origin
2000	Corn	200,000	109	22	China
	Rice	300,000	220	66	Thailand
2002	Rice	400,000	265	106	South Korea
2003	Rice	400,000	265	106	South Korea
2004	Rice	100,000	300	30	South Korea
	Rice	300,000	294	88	Thailand
2005 a/	Rice	400,000	300	120	South Korea
	Rice	50,000	315.98	15.8	Thailand
	Rice	50,000 b/	na	na	TBD

a/ To be delivered by the end of 2005.

b/ To be tendered in early November 2005.

Source: Ministry of Unification