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## Korea, Republic of

### Grain and Feed

### Rice Update

### 2004

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**Report Highlights:**

Korean farmers are adjusting planting intentions in expectation of higher imports and lower support prices. The ROK is ready to provide 400,000 tons of grains to the DPRK including 70,000 tons of domestic rice.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Seoul [KS1]  
[KS]

PS&Ds in this report were adjusted to reflect trade statistics and domestic consumption since MY1993.

**ROK Poised to Provide Rice to DPRK in 2004:**

The Republic of Korea Government (ROKG) stated publicly in early May its intention to provide 400,000 metric tons (MT) food grains to the Democratic People's Republic of Korea (DPRK) in the form of a concessional loan if asked during minister-level talks in Pyongyang on May 5 – 8, 2004. During recent follow-up talks, tentatively agreed to the 400,000-ton plan including 70,000 tons of domestic rice.

**As Total Rice Stocks Fall Imported Portion Increases:**

ROK Rice stocks are projected to fall to their lowest level in 6 years in MY 2003/04. The reversal in stock accumulation is the result of lower crops and exports. Two consecutive years of 400,000-ton concessional rice loans to the DPRK in MY 2001/02 and 2002/03 sharply reduced ROK stocks. FAS/Seoul currently projects ROK ending stocks in MY 2003/04 at 684,000 MT.

Imported rice has accounted for a larger portion of rice stocks as the overall level of stocks declined during that past couple of years. Annual consumption of imported rice is estimated at 80,000 MT for food processing although the minimum market access (MMA) quota will reach 205,000 MT in 2004. FAS/Seoul estimates imported rice will account for over 500,000 MT of total estimated ending stocks of 684,000 MT in MY 2003/04. Consequently, South Korea is expected to only have 184,000 MT of local rice in stocks at the end of MY 2003/04. Therefore, South Korea is not in a position to provide 400,000 MT of local rice to North Korea. In the past, the ROK has purchased rice, corn or wheat off the world market to provide to the DPRK when domestic stock levels or budgetary limitation precluded purchase of domestic grains.

**National Assembly Considers Lower Purchase Prices for 2004 Rice Program:**

The Ministry of Agriculture and Forestry (MAF) recommended lowering rice support prices for the 2004 rice crop by 4 percent. The National Assembly is reviewing the proposal. In 2003, the National Assembly rejected a similar proposal from MAF to reduce rice support prices. In addition to recommending a reduction in support prices, MAF also recommended reducing the quantity of government rice purchases to 744,000 MT; a 1 percent decrease from 2003. The price and quantity reductions are intended to reduce the ROK aggregate measurement of support (AMS) to a level below the limit allowed under ROK commitments in the World Trade Organization (WTO). If the National Assembly approves the 4 percent reduction, it will be the first reduction in the nominal rice support price since the ROK initiated the rice procurement system in 1948.

**Expectations of Higher Imports and Lower Prices Reduce Planting Intentions:**

Based on a survey of 3,200 rice farmers, MAF expects that the area planted to rice in 2004 will decline to 987,000 HA; a 1.5 percent reduction from 2003 plantings.

**PSD Table**

Country Commodity	Korea, Republic of						UOM
	Rice, Milled						
	(1000 HA)			(1000 MT)			
	1993	Revised	1994	Estimate	1995	Forecast	
USDA Official [1]		Estimate [1]	USDA Official [1]	Estimate [1]	USDA Official [1]	Estimate [New]	
Market Year Begin	11/1993		11/1994		11/1995		MM/YYYY
Area Harvested	1136	1136	1102	1103	1056	1056	(1000 HA)
Beginning Stocks	1839	1829	1193	1165	680	669	(1000 MT)
Milled Production	4750	4750	5060	5060	4694	4695	(1000 MT)
Rough Production	6404	6404	6882	6826	6386	6389	(1000 MT)
MILLING RATE (.9999)	7417	7417	7353	7413	7351	7349	(1000 MT)
TOTAL Imports	4	0	3	1	115	109	(1000 MT)
Jan-Dec Imports	4	0	16	1	75	109	(1000 MT)
Jan-Dec Import U.S.	0	0	0	0	8	0	(1000 MT)
TOTAL SUPPLY	6593	6579	6256	6226	5489	5473	(1000 MT)
TOTAL Exports	0	0	150	151	0	0	(1000 MT)
Jan-Dec Exports	0	0	150	151	0	0	(1000 MT)
TOTAL Dom. Consumption	5400	5414	5426	5406	5244	5225	(1000 MT)
Ending Stocks	1193	1165	680	669	245	248	(1000 MT)
TOTAL DISTRIBUTION	6593	6579	6256	6226	5489	5473	(1000 MT)

**PSD Table**

Country Commodity	Korea, Republic of						UOM
	Rice, Milled						
	(1000 HA)			(1000 MT)			
	1996	Revised	1997	Estimate	1998	Forecast	
USDA Official [1996]		Estimate [1996]	USDA Official [1997]	Estimate [1997]	USDA Official [1998]	Estimate [New]	
Market Year Begin	11/1996		11/1997		11/1998		MM/YYYY
Area Harvested	1050	1050	1052	1052	1059	1059	(1000 HA)
Beginning Stocks	245	248	390	501	805	812	(1000 MT)
Milled Production	5323	5323	5450	5450	5100	5098	(1000 MT)
Rough Production	7123	7123	7365	7315	6800	6790	(1000 MT)
MILLING RATE (.9999)	7473	7473	7400	7450	7500	7508	(1000 MT)
TOTAL Imports	0	0	75	77	96	99	(1000 MT)
Jan-Dec Imports	36	22	54	55	137	140	(1000 MT)
Jan-Dec Import U.S.	18	0	14	0	0	0	(1000 MT)
TOTAL SUPPLY	5568	5571	5915	6028	6001	6009	(1000 MT)
TOTAL Exports	0	0	0	0	0	0	(1000 MT)
Jan-Dec Exports	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	5178	5070	5110	5216	5021	5278	(1000 MT)
Ending Stocks	390	501	805	812	980	731	(1000 MT)
TOTAL DISTRIBUTION	5568	5571	5915	6028	6001	6009	(1000 MT)

**PSD Table**

Country Commodity	Korea, Republic of						UOM
	Rice, Milled						
	(1000 HA)			(1000 MT)			
	1999	Revised	2000	Estimate	2001	Forecast	
	USDA Official [1	Estimate [1	USDA Official [1	Estimate [1	USDA Official [1	Estimate [New]	
Market Year Begin		11/1999		11/2000		11/2001	MM/YYYY
Area Harvested		1066	1066	1072	1072	1083	1083 (1000 HA)
Beginning Stocks		980	731	1355	981	1281	1216 (1000 MT)
Milled Production		5263	5263	5291	5291	5515	5515 (1000 MT)
Rough Production		7066	7066	7197	7197	7407	7407 (1000 MT)
MILLING RATE (.9999)		7448	7448	7352	7352	7446	7446 (1000 MT)
TOTAL Imports		98	101	93	95	115	117 (1000 MT)
Jan-Dec Imports		151	155	99	84	148	136 (1000 MT)
Jan-Dec Import U.S.		0	0	15	3	65	50 (1000 MT)
TOTAL SUPPLY		6341	6095	6739	6367	6911	6848 (1000 MT)
TOTAL Exports		0	0	0	0	126	126 (1000 MT)
Jan-Dec Exports		0	0	0	0	358	358 (1000 MT)
TOTAL Dom. Consumption		4986	5114	5458	5151	5104	5156 (1000 MT)
Ending Stocks		1355	981	1281	1216	1681	1566 (1000 MT)
TOTAL DISTRIBUTION		6341	6095	6739	6367	6911	6848 (1000 MT)

**PSD Table**

Country Commodity	Korea, Republic of						UOM
	Rice, Milled						
	(1000 HA)			(1000 MT)			
	2002	Revised	2003	Estimate	2004	Forecast	
	USDA Official [1	Estimate [1	USDA Official [1	Estimate [1	USDA Official [1	Estimate [New]	
Market Year Begin		11/2002		11/2003		11/2004	MM/YYYYY
Area Harvested		1053	1053	1016	1016	990	990 (1000 HA)
Beginning Stocks		1681	1566	1098	1025	698	614 (1000 MT)
Milled Production		4927	4927	4450	4451	4800	4700 (1000 MT)
Rough Production		6687	6687	6014	6015	6486	6351 (1000 MT)
MILLING RATE (.9999)		7368	7368	7400	7400	7400	7400 (1000 MT)
TOTAL Imports		133	154	180	180	205	205 (1000 MT)
Jan-Dec Imports		179	129	205	210	205	205 (1000 MT)
Jan-Dec Import U.S.		55	14	0	70	0	100 (1000 MT)
TOTAL SUPPLY		6741	6647	5728	5656	5703	5519 (1000 MT)
TOTAL Exports		574	568	106	176	0	0 (1000 MT)
Jan-Dec Exports		442	442	100	70	0	0 (1000 MT)
TOTAL Dom. Consumption		5069	5054	4924	4866	4844	4844 (1000 MT)
Ending Stocks		1098	1025	698	614	859	675 (1000 MT)
TOTAL DISTRIBUTION		6741	6647	5728	5656	5703	5519 (1000 MT)

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

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	2004a/
USA	0	0	0	0	0	0	3	50	14	36
China	0	58	22	37	125	119	63	66	93	40
Thailand	0	0	0	18	6	36	18	0	23	27
India	0	51	0	0	0	0	0	0	0	0
Australia	0	0	0	0	0	0	0	20	0	0
Vietnam	0	0	0	0	9	0	0	0	0	0
Total	0	109	22	55	140	155	84	136	129	103

a/ Imports for Jan – Mar 2004.

Source: Korea Customs Service

Korea: Rice Domestic Consumption (1,000 MT)				
Rice Year (Nov.- Oct.)	MY 1993/94	MY 1994/95	MY 1995/96	MY 1996/97
Table Rice	4,814	4,777	4,778	4,710
Processing	365	228	200	141
(for food processing)	191	156	164	14
(for liquor)	174	72	36	0
Seed	40	38	38	38
Others including loss	195	363	209	181
Total Domestic Consumption	5,414	5,406	5,225	5,070
Rice Year (Nov.- Oct.)	MY 1997/98	MY 1998/99	MY 1999/00	MY 2000/01
Table Rice	4,606	4,541	4,425	4,209
Processing	171	174	175	183
(for food processing)	171	174	175	183
(for liquor)	0	0	0	0
Seed	38	37	46	47
Others including loss	401	526	468	712
Total Domestic Consumption	5,216	5,278	5,114	5,151
Rice Year (Nov.- Oct.)	MY 2001/02	MY 2002/03 a/	MY 2003/04 b/	MY 2004/05 c/
Table Rice	4,145	3,987	3,895	3,800
Processing	337	312	222	300
(for food processing)	193	212	Na	Na
(for liquor)	144	100	Na	Na
Seed	46	44	42	42
Others including loss	629	711	707	702
Total Domestic Consumption	5,156	5,054	4,866	4,844

a/ MAF's Preliminary.

b/ MAF forecasts.

c/ FAS/Seoul projects.

Source: Ministry of Agriculture and Forestry

Korea: Status of Government-held Rice Stocks (MT, Milled, Nov/Oct)			
Marketing Year	Local Rice	Imported Rice	Total
1995/96	135,000	109,000	244,000
1996/97	397,000	100,000	497,000
1997/98	749,120	56,880	806,000
1998/99	653,184	68,976	722,160
1999/00	844,128	134,064	978,192
2000/01	1,137,600	196,992	1,334,592
2001/02	1,174,320	273,024	1,447,344
2002/03	703,144	395,856	1,099,000
2003/04 a/	184,000	500,000	684,000

a/ FAS/Seoul estimates

Source: Ministry of Agriculture and Forestry

Korea: Government Program for Rice Purchases					
Crop Year	Production (1,000 MT)	Purchase (1,000 MT)	%	Price a/	
				Korean Won/Kg	US\$/MT c/
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 b/	na	744	na	2,013	1,725

a/ #1 grade basis.

b/ Korea Food Grain Marketing Committee advised the ROKG reducing rice support prices for the 2004 crop by 4 percent from the previous year. The proposal remains to be approved by the National Assembly. In 2003, the National Assembly rejected a similar request.

c/ Applied exchange rates are annual averages. The monthly average exchange rate for February is used as an estimate for the 2004 average annual exchange rate.

Source: Ministry of Agriculture and Forestry (MAF)