Date: 5/3/2010
GAIN Report Number: KS1014

Korea - Republic of

Grain and Feed Annual

Annual

Approved By:
Lloyd S. Harbert

Prepared By:
Sunchul Choi//Gerald Smith

Report Highlights:
Limited supplies of feed wheat is expected to push MY2010/11 consumption down to 3.6 million metric tons, 500,000 tons lower than previous year. Total corn consumption for the same period is forecast at 8.4 million tons, slightly up from the prior marketing year. Imports of U.S. corn during MY 2010/11 are conservatively forecast at 5 million tons but could reach a minimum of 7.0 million tons if China export controls remain.

Commodities:

Wheat

Production:

MY 2010/11 wheat production is forecast to continue increasing to 27,000 tons because of the growing demand for domestically grown milling wheat. Wheat production for MY 2009/10 sharply increased from the previous year, up nearly 16,000 tons, as farmers increased planted areas in response to greater demand from local bakeries and confectionaries that offer products made exclusively from locally grown wheat.

Recently, the Korean government has charted what appears to be an overly ambitious plan to gradually increase milling wheat production to 200,000 tons by 2017, pushing the country's self sufficiency rate from its current level of 1 percent to 10 percent. Milling wheat will be double-cropped with rice and the total planted area is forecast to gradually expand to 57,000 hectares (HA) by 2017.

Korea: Wheat Production			
Crop Year	Harvested Area (Hectare)	Yield (MT/HA)	Production (MT)
2006	1,738	3.34	5,810
2007	1,928	3.81	7,624
2008	2,549	4.06	10,359
2009	5,067	5.15	26,087
2010a/	7,000	3.90	27,000

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)
a/ FAS/Seoul forecast; yield is based on five-year average.

Consumption:

MY 2010/11 consumption is forecast at 3.6 million tons, a decrease of nearly 500,000 tons from the current marketing year due to the anticipated decrease in the availability in competitively priced feed wheat compared to the current marketing year.

MY 2010/11 milling wheat consumption is forecast at 2.1 million tons, remaining unchanged from the current marketing year. The government has introduced the "R 10" campaign to reduce the oversupply of rice by encouraging the local food industry to replace 10 percent of wheat flour with rice flour. This program is not expected to have any sizable impact on milling wheat consumption since local industry generally prefer using wheat flour.

MY 2009/10 feed wheat consumption is expected to reach nearly 2 million tons based on the record of feed wheat use over the last eight months and the outstanding contracts for the remaining four months of the current marketing year.

CY 2009 per capita flour consumption increased marginally to 31.4 kilograms. Nearly 44 percent of flour consumption is used for local noodle manufacturing, followed by 21 percent for baking and confectionary products. The remainder is used for home baking, pet food, soy sauce, brewing, traditional chewy cakes and industrial use. Some flour is also exported, mostly to Japan.

Korea: Post Estimates of Domestic Wheat Use (1,000 MT, July/June)				
Year	2006/07	2007/08	2008/09	2009/10 a/
Imported Milling Wheat	2,249	2,267	2,041	2,050
Flour Imports b/	69	105	69	130
Flour Exports b/	83	73	56	60
Local Wheat	6	8	10	18
FSI Consumption c/	2,241	2,307	2,064	2,138
Feed Wheat	1,063	686	942	2,000
Total Consumption	3,304	2,993	3,006	4,138

Source: Korea Feed Association (KFA) and Korea Flour Millers Industry Association (KOFMIA)

a/ FAS/Seoul forecast

b/ Wheat basis

c/ exclude wheat used for the volume of wheat flour exports, including imports of wheat flour.

Korea: Wheat Flour Utilization (1,000 MT)						
Calendar Year	2004	2005	2006	2007	2008	2009
Total Consumption 1/	1,805	1,735	1,772	1,740	1,618	1,615
Per Capita (Kg/Year) 2/	34.4	33.2	33.9	33.7	31.3	31.4

Source: Korea Flour Mills Industrial Association (KOFMIA)

1/ based on flour millers' sales including exports, imports and animal feed purposes.

2/ excludes animal feed and exports from total consumption, including imports of wheat flour.

Trade:

MY 2010/11 wheat imports are projected at 3.6 million tons, of which 2.1 million tons is for milling (including flour on a wheat equivalent basis) and 1.5 million tons for feed. The import estimate hinges to a large extent on the continued availability of feed wheat. International traders expect Korea to import between 1.5 million and 2.3 million tons of feed wheat depending on 2010 crop situation in Ukraine, Russia and Eastern European countries - the traditional feed wheat exporters to Korea. Post puts its initial forecast conservatively at 1.5 million tons of feed wheat imports.

The MY 2009/10 wheat import estimate is revised upward to 4.1 million tons since imports for both milling wheat and feed wheat were higher than expected during the first eight months of the marketing year because of stable international prices and the strong local currency. During the first eight months, the United States exported 54 percent of total milling wheat to Korea, followed by Australia at 39 percent, Canada at 6 percent and Russia at 1 percent. Meanwhile, Ukraine exported 95 percent of total feed wheat to Korea. Russia exported 8,619 tons of milling wheat to Korea for the first time. The variety is a semi-hard type of wheat with about 12 percent protein and when blend with soft wheat produces all purpose flour. The Russian wheat price was 30 percent lower than U.S. Hard Red Winter Wheat (HRW).

Imports of U.S. wheat in MY 2010/11 are forecast to stay around 1 million tons, remaining unchanged from the current marketing year. The import estimate for U.S. wheat during MY 2009/10 remains unchanged from the previous forecast of 1 million tons.

Competitors

In the past several years, Australia and Canada have become the United States principal competitors. In 2008, the Australian Wheat Board's monopoly was transferred to the Wheat Export Authority (WEA). A total 22 wheat exporters have been accredited under WEA. Among these exporters, AWB and CBH have used aggressive price premiums to make inroads into Korea. Additionally, these two firms have employed specific marketing strategies such as pre-blending in order to secure customers. To increase sales, Australian wheat exporters have started supplying Australian Noodle Wheat (ANW), a sub-class of Australian Standard White Wheat (ASW), as a specifically blended variety for Korean noodle producers.

Tariff

In late December, The Ministry of Strategy and Finance (MOSF) released its adjusted tariffs and tariff rate quotas (TRQ) for CY 2009 (Jan-Dec). A TRQ covering milling wheat was not set but the duty was raised to 1.8 percent. The out-of-quota duty also remained fixed at 1.8 percent. More details are available at Korea's Adjustment and In-Quota Tariffs for 2010 . Of note, the feed wheat TRQ and its corresponding duty were eliminated in 2007.

Korea: Wheat Import Tariff Rates for CY 2010
(Percent)

Commodity		Applied Tariff Rate		Bound Tariff Rate	
		2009	2010	2009	2010
Durum Wheat	1001.10.0000	3	3	9.0	9.0
Meslins	1001.90.1000	3	3		
Seed Wheat	1001.90.9010	1.8	1.8	1.8	1.8
Feed Wheat	1001.90.9020	0	0	0	0
Milling Wheat	1001.90.9030	1	1.8	1.8	1.8
Others	1001.90.9090	1.8	1.8		

Source: Korea Customs Service (KCS)

Flour Trade:

MY 2010/11 flour imports are forecast to stay around 73,000 tons (100,000 tons wheat equivalent), as food processors continue searching for the most competitively priced flour. MY2009/10 flour imports are expected to reach to 95,000 tons (130,000 tons wheat equivalent) based on flour imports over the first eight months due to a sharp increase of competitively priced Turkish flour. Small-sized restaurants and noodle manufactures have been loyal users of cheaper priced flour.

As domestic flour prices remain stable, flour millers are expected to export more wheat flour primarily to Japan. The MY 2009/10 flour export is estimated at around 43,000 tons (60,000 tons wheat equivalent), up nearly 3 percent from last year.

Korea: Wheat Imports
(1,000 MT, Customs Cleared Basis)

Marketing Year (July/June)	Feed Wheat	Milling Wheat	Flour Imports 1/	Total
03/04	921	2,394	11	3,326
04/05	1,089	2,385	29	3,503
05/06	1,536	2,220	41	3,797
06/07	976	2,298	69	3,343
07/08	565	2,317	105	2,987
08/09	1,151	2,058	69	3,278

09/10 a/	2,000	2,000	130b/	4,130

Source: Korea Customs Service

1/ Wheat basis

a/ FAS Seoul forecast based on the buying contracts to date.

b/ based on the first eight months imports

Korea: MY 2009/10 Feed Wheat Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of March, 2010)		
ETA	Quantity	Price (US$/MT)[1/]
Jul. 2009	165	172
Aug.	110	169
Sep.	110	168
Oct.	220	170
Nov	220	206
Dec	220	207
Jan. 2010	165	202
Feb.	55	199
Mar	275	194
Apr.	100	224
May	100	224
Jun.	205	227
Total	1,945	

Source: Local Grain Traders

1/ Contracts were made in May 2008

2/ Average CNF

Korea: MY 2010/11 Feed Wheat Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of March, 2010)		
ETA	Quantity	Price (US$/MT)[1/]
Jul. 2010	110	210
Aug.	110	208
Sep.	110	204
Total	330	

Korea: Wheat Flour Imports (Metric Ton, July/June)						
Country	MY2004	MY2005	MY2006	MY2007	MY2008	MY2009a/
U.S.A.	909	315	594	771	425	729
Canada	10,690	16,416	28,595	35,662	11,206	37,410
Australia	72	1,250	2,510	1,721	1,979	1,496
China	7,081	8,510	12,037	27,045	815	6
Turkey	1,722	2,488	4,671	1,981	6,685	21,791
Indonesia	0	360	942	4,709	4,462	7,535
Hungary	0	0	0	0	5,601	10,346
Others	413	424	1,211	5,103	18,951	15,824
Total	**20,887**	**29,763**	**50,560**	**76,994**	**50,124**	**95,123**

Wheat Basis	27,849	39,684	67,413	105,328	68,570	130,128

Source: Korea Customs Service (KCS)

a/ estimated annual imports of wheat flour based on the first eight months imports.

Korea: Wheat Flour Exports (Metric Ton, July/June)						
Country	MY2004	MY2005	MY2006	MY2007	MY2008	MY2009a/
Total	76,764	70,027	61,922	54,740	41,789	43,208
Wheat Basis	102,352	93,369	82,563	72,987	55,719	57,611

Source: Korea Customs Service (KCS)

a/ estimated annual exports of wheat flour based on the first eight months exports.

Production, Supply and Demand Data Statistics:

Wheat Korea, Republic of	2008/2009 Market Year Begin: Jul 2008			2009/2010 Market Year Begin: Jul 2009			2010/2011 Market Year Begin: Jul 2010		
Area Harvested	3	3	3	5	5	5			7
Beginning Stocks	900	821	900	1,087	1,047	1,126			1,092
Production	10	10	10	18	18	26			27
MY Imports	3,371	3,278	3,278	4,000	3,900	4,100			3,600
TY Imports	3,371	3,278	3,278	4,000	3,900	4,100			3,600
TY Imp. from U.S.	1,125	1,148	1,148	0	1,000	1,000			1,000
Total Supply	4,281	4,109	4,188	5,105	4,965	5,252			4,719
MY Exports	94	56	56	100	50	60			60
TY Exports	94	56	56	100	50	60			60
Feed and Residual	1,000	942	942	1,800	1,800	2,000			1,500
FSI Consumption	2,100	2,064	2,064	2,200	2,100	2,100			2,100
Total Consumption	3,100	3,006	3,006	4,000	3,900	4,100			3,600
Ending Stocks	1,087	1,047	1,126	1,005	1,015	1,092			1,059
Total Distribution	4,281	4,109	4,188	5,105	4,965	5,252			4,719
Yield	3.	3.	3.3333	4.	4.	5.2			3.8571
TS=TD			0			0			0

WHEAT -- STATISTICAL TABLES

Korea: Import Trade Matrix of Wheat

Import Trade Matrix

Country Korea, Republic of

Commodity Wheat

Time Period	July/June	Units:	1,000MT
Imports for:	2007		**2008**
U.S.	1508	U.S.	1148
Others		Others	
Australia	691	Australia	762
China	569	Ukraine	1133
Canada	113	Canada	147
Total for Others	1373		2042
Others not Listed	1		19
Grand Total	2882		3209

Note: Matrix does not include wheat flour imports

Korea: Monthly Wheat Imports
(1,000 MT)

Month	Feed Wheat		Milling Wheat	
	MY 2008/09	MY 2009/10	MY 2008/09	MY 2009/10
July	0	114	180	103
August	0	157	138	170
September	15	236	133	184
October	98	163	204	169
November	49	110	134	151
December	201	256	271	201
January	112	188	62	218
February	120	130	119	150
Sub Total	**595**	**1,354**	**1,241**	**1,346**
March	64	Na	218	Na
April	183	Na	181	Na
May	121	Na	160	Na
June	188	Na	258	Na
Total	**1,151**	**Na**	**2,058**	**Na**

Source: Korea Customs Service

Korea: MY 2009/10 Monthly Wheat Imports by Origin
(1,000 MT, based on Customs Clearance)

Country	U. S.	Australia	Canada	Ukraine	Other	Total
Milling Wheat						
2009 July	53	50	0	0	0	103
August	100	56	14	0	0	170
September	87	78	16	0	3	184

October	105	39	24	0	1	169
November	79	66	4	0	2	151
December	105	93	3	0	0	201
January	105	92	20	0	1	218
February	96	52	0	0	2	150
Total	**730**	**526**	**81**	**0**	**9**	**1,346**
Feed Wheat						
2009 July	0	0	0	109	5	114
August	0	0	0	155	2	157
September	0	0	0	236	0	236
October	0	0	0	163	0	163
November	0	0	0	110	0	110
December	0	0	0	207	49	256
January	0	0	0	181	7	188
February	0	0	0	130	0	130
Total	**0**	**0**	**0**	**1,291**	**63**	**1,354**
Total Wheat						
2009 July	53	50	0	109	5	217
August	100	56	14	155	2	327
September	87	78	16	236	3	420
October	105	39	24	163	1	332
November	79	66	4	110	2	261
December	105	93	3	207	49	457
January	105	92	20	181	8	406
February	96	52	0	130	2	280
Total	**730**	**526**	**81**	**1,291**	**72**	**2,700**

Source: Korea Customs Service

Korea: Monthly Wheat Use
(1,000 MT)

Month	Feed Wheat		Milling Wheat a/	
	MY 2008/09	MY 2009/10	MY 2008/09	MY 2009/10
July	3	162	162	180
August	3	153	146	164
September	3	169	157	190
October	21	171	173	153
November	55	174	157	160
December	96	196	177	183
January	97	174	186	184
February	103	170	148	156
SubTotal	**381**	**1,369**	**1,306**	**1,370**
March	113	Na	182	Na
April	138	Na	176	Na
May	150	Na	160	Na
June	161	Na	167	Na
Total	**942**	Na	**1,991**	Na

Source: KFA and KOFMIA

a/ Milling wheat use data includes wheat flour exports, but excludes the portion used in soy-sauce production

Korea: Milling Wheat Imports by Variety (Arrival Basis, Calendar Year)					
		CY 2008		CY 2009	
Origin	Variety	(1,000 MT)	%	(1,000 MT)	%
United States	No. 1 WW/SW	357.6	20.6	434.9	21.7
	No. 1 WW/SW 9.5 max.	56.3	3.2	75.3	3.8
	No. 1 WW/SW 8.5 max.	27.4	1.6	28.4	1.4
	No. 1 White Club	0	0.0	0	0.0
	No. 1 Hard White	0	0.0	0	0.0
	No. 1 HRW 11.5 min.	263.8	15.2	231.9	11.6
	No. 1 DNS 14.0 min.	274.2	15.8	286.5	14.3
	No. 1 DNS 14.5 min.	3	0.2	0	0.0
	No. 2 SRW	4.3	0.2	4.9	0.2
	Sub Total	**986.6**	**56.8**	**1,061.9**	53.0
Australia	AS [a/]	5	0.3	0	0.0
	ASW [b/]	568.5	32.8	643.2	32.1
	AH [c/]	46.9	2.7	98.6	4.9
	ANW [d/]	0	0	48.6	2.4
	Sub Total	**620.4**	**35.7**	**790.4**	39.4
Canada	No. 2 CWRS 13.5 min. [e/]	**126.7**	**7.3**	**145.2**	7.2
Russia	RMW	**0**	**0**	**5.9**	0.3
Others [e/]	Organic Wheat	1.8 [f/]	0.1	1.6	0.1
	Grand Total	**1,735.5**	100.0	**2,005**	100.0

Source: Korea Flour Mills Industrial Association (KOFMIA)

a/ Australian Soft

b/ Australian Standard White

c/ Australian Hard

d/ Australian Noodle Wheat

e/ Canada Western Red Spring

f/ 690 MT from Canada and 1,154 MT from Kyrgyzstan

Commodities:

Corn

Production:

Corn production is negligible and accounts for about one percent of total consumption. Planted area for MY 2010/11 is expected to remain steady at around 16,000 hectares, while production is forecast at 80,000 MT based on the preceding five-year average yield.

Korea: Corn Production			
Crop Year	Area (HA)	Yield (MT/HA)	Production (MT)

2000	15,808	4.06	64,205
2001	14,208	4.03	57,218
2002	17,344	4.22	73,223
2003	16,966	4.14	70,242
2004	18,218	4.26	77,616
2005	15,176	4.84	73,470
2006	13,661	4.73	64,623
2007	16,981	4.82	83,513
2008	18,366	5.05	92,830
2009	15,326	5.02	76,975
2010a/	16,000	4.90 b/	78,400

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)
a/ FAS/Seoul forecast
b/ based on five-year average

Consumption:

MY 2010/11 corn consumption is forecast to rebound to 8.4 million MT, up 0.5 million MT from the current marketing year estimate, due to an anticipated increase in demand for both processing and feed corn. Food, seed and industrial (FSI) corn consumption is expected to continue increasing to 1.9 million MT to meet a growing demand from the soft drink industry. Feed corn consumption is also projected to increase to 6.5 million MT, up 0.4 million MT from the estimated current marketing year level in large part due to anticipated declines in feed wheat consumption.

MY 2009/10 corn consumption is expected to remain unchanged from the previous year as the decrease in feed corn will offset the increase in processing corn based on the first five months of the current marketing year. The FSI corn consumption will increase to 1.8 million MT, up 0.3 million MT due to a greater demand of high fructose corn syrup (HFCS) replacing sugar demand in the soft drink industry during the current marketing year.

Compound feed production is expected to hold steady in MY 2009/10 and MY 2010/11, staying around 16 million metric tons. Feed corn is the main ingredient used in compound feed, accounting for about 40 percent of total ingredients. This ratio is projected to remain relatively constant for the foreseeable future based on the preferences of local livestock producers. Rising feed wheat use has impacted total corn demand in recent years.

Corn processors have continued using non-biotech IP corn imported from the United States and traditional corn imported from other countries such as Hungary, Serbia and Australia. The perceived public concern over biotech continues to exert pressures on imported processing corn, especially biotech corn that is used to manufacture cooking oil and HFCS. Many food processing companies have been reluctant to use ingredients sourced from biotech corn. Some companies still using HFCS have sourced ingredients imported from China since it is reportedly derived from non-biotech corn.

Korea: Total Corn Utilization
(Oct./Sept., 1,000 MT)

Marketing Year	Feed	Processing a/	Food b/	Total
2005/06	6,510	1,996	73	8,579
2006/07	6,914	1,856	63	8,833
2007/08	7,046	1,494	98	8,638
2008/09	6,368	1,418	108	7,894
2009/10 c/	6,100	1,700	100	7,900

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: Feed Ingredient Use for Compound Feed Production (October/September, 1,000 MT)				
Items	MY 2006/07	MY 2007/08	MY 2008/09	MY 2009/10[a/]
Sub. Total Grains and Grain Substitutes	**10,184**	**10,132**	**10,274**	**10,500**
- Wheat	1,037	412	1,416	2,000
- Corn	6,914	7,046	6,368	6,100
-Barley	29	89	27	2,400
- Other Grains and Grain Substitute b/	2,204	2,585	2,463	
Others c/	**5,838**	**6,167**	**6,060**	**6,000**
Grand Total	**16,022**	**16,299**	**16,334**	**16,400**

Source: Korea Feed Association (KFA)

a/ FAS Seoul forecast.

b/ includes Tapioca, bran and gluten feed.

c/ includes vegetable protein meal, animal protein, minerals/additives, tallow, DDGS and molasses.

Korea: Compound Feed Production by Species (October/September, 1,000 MT)			
Species	MY 2007/08	MY 2008/09	MY 2009/10 a/
Poultry	4,311	4,413	4,400
Swine	5,371	5,307	5,400
Cattle	5,516	5,550	5,600
Others b/	1,029	1,009	1,000
Total	16,227	16,279	16,400

Source: Korea Feed Association (KFA)

a/ FAS/ Seoul forecast

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

Trade:

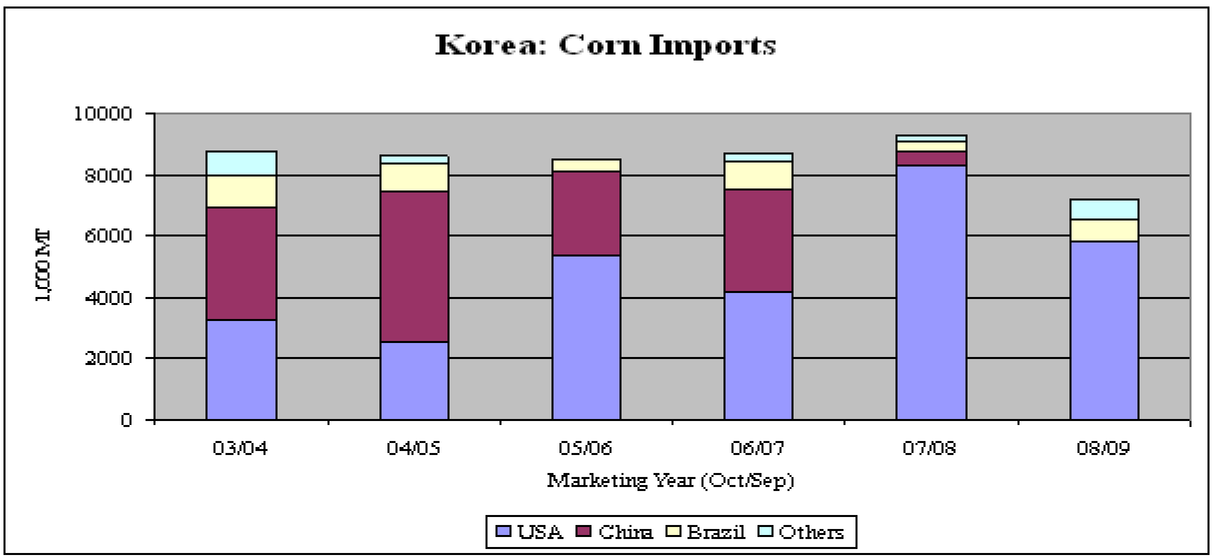
MY 2010/11 corn imports are projected to climb to 8.3 million tons, up 500,000 tons from the current marketing year estimate. Feed corn imports during this same period are forecast upward to 6.5 million MT, an increase of 400,000 tons from the current marketing year as feed wheat imports are expected to slip to 1.5 million tons. In addition, the expected minor contraction in animal inventories in 2010 will limit further growth of feed corn imports. The feed corn import forecast could decline if feed wheat imports rise above the MY 2010/11 forecast of 1.5 million metric tons.

MY 2010/11 U.S. corn imports are forecast to remain unchanged from the prior year at 5 million tons, but could reach as much as 7.0 million tons if China's export controls remain in place throughout the year.   This scenario seems likely in light of recent statement made by a Chinese government research center indicating that planting and production might decline.

The total corn import estimates for MY 2009/10 is increased to 7.8 MMT, up 0.2 million tons from the previous estimates due to a greater demand from both feed millers and corn processors. Feed corn imports during this same period are forecast at 6.1 million tons, an increase of about 300,000 tons from the previous year while processing corn imports are expected to increase to 1.7 million tons, up 300,000 tons from the previous year.

As of March 2010, importers have contracted for 6.1 MMT of corn deliveries from October 2009 to August 2010. Most of the contracted purchases to date are for U.S. corn and/or optional origin at seller's option among U.S.A., South America and China with a price range of $195-245 per metric ton CNF for feed corn. Meanwhile corn processors have contracted for U.S. No. 2 non-GM yellow corn and Eastern European conventional corn with a price range of $210-260 per metric ton CNF for the same period. However there are no contracts with Chinese origin only suggesting that future corn shipment from China remain uncertain.

MY 2009/10 U.S. corn imports are estimated at staying around 5 million tons and could reach as much as 6.5 million tons based on the records of U.S. corn imports for the first five months. Also, some major feed millers have recently purchased U.S. #2 grade yellow corn in lieu of #3 grade reflecting the demand for high-quality cattle feed.



Korea: Corn Imports (1,000MT, Customs Cleared Basis)							
Marketing Year	From World			From the U. S.			U. S. Share
	Feed	Processing	Total	Feed	Processing	Total	%
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	6,860	1,871	8,731	4,036	150	4,186	48
07/08	7,680	1,629	9,309	7,259	1,077	8,336	90
08/09	5,781	1,431	7,212	4,883	921	5,804	80
09/10 a/	6,100	1,700	7,800	4,000	1,000	5,000	64

Source: Korea Customs Service

a/ FAS/Seoul forecast

Korea: Corn Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of March, 2010)

ETA	U.S.	China	SOAM	Others 1/	Total
Oct. 2009	100	0	0	440	540
Nov.	260	0	0	220	480
Dec.	385	0	0	220	605
Jan. 2010	211	0	0	275	486
Feb.	215	0	0	413	628
Mar.	220	0	0	443	663
Apr.	267	0	0	495	762
May	185	0	0	550	735
Jun.	110	0	0	679	789
Jul.	212	0	0	221	433
Aug.	0	0	0	55	55
Total	**2,165**	**0**	**0**	**4,011**	**6,176**

Source: Local Grain Traders

1/ optional origins at seller's option

In late December, the Ministry of Strategy and Finance (formerly MOFE) released its adjusted tariffs and temporary tariff rate quotas (TRQ) for CY2010 (Jan-Dec). These TRQs cover a variety of agricultural products, including feed and processing corn. The TRQs for these commodities were expanded with feed corn set at 9 million tons, with a zero percent duty and processing corn was fixed at 1.85 million tons, with a duty of one percent. The out-of-quota duty for both feed and processing corn remained fixed at 328 percent.

Of the annual TRQ for feed corn, 9 million MT has been allocated to feed millers belonged to Korean Feed Association (KFA) and Nonhuyp Feed Inc. (NOFI). The Korea Corn Processing Industry Association (KOCPIA) manages the 1.85million ton processing corn TRQ.

Korea: Import Tariff Rate for CY 2010

Commodity	In-Quota				Out-of-Quota Rate	Bound Tariff Rate	
	Current Market Access Quota		Temporary Quota			In-Quota	Out-of-Quota
	Volume	%	Volume	%	%	%	%
Feed Corn 1005.90.1000	6,102,100 MT	1.8	9,000,000 MT a/	0	328	1.8	328
Processing Corn 1005.90.9000		3	1,850,000 MT	1	328	3	328
Pop Corn 1005.90.2000		1.8	10,000	1.8	630	1.8	630

Source: Korea Customs Service (KCS)

a/ Temporary reduced tariff quota rate for CY 2010

Production, Supply and Demand Data Statistics:

Corn of Korea, Republic	2008/2009 Market Year Begin: Oct 2008			2009/2010 Market Year Begin: Oct 2009			2010/2011 Market Year Begin: Oct 2010		
Area Harvested	18	18	18	18	18	15			16

Beginning Stocks	2,079	2,077	2,079	1,490	1,506	1,491			1,468
Production	93	93	93	85	85	77			80
MY Imports	7,194	7,212	7,212	7,500	7,600	7,800			8,300
TY Imports	7,194	7,212	7,212	7,500	7,600	7,800			8,300
TY Imp. from U.S.	5,748	5,804	5,804	0	5,000	5,000			5,000
Total Supply	9,366	9,382	9,384	9,075	9,191	9,368			9,848
MY Exports	0	0	0	0	0	0			0
TY Exports	0	0	0	0	0	0			0
Feed and Residual	6,368	6,368	6,368	6,000	6,000	6,100			6,500
FSI Consumption	1,508	1,508	1,525	1,700	1,700	1,800			1,900
Total Consumption	7,876	7,876	7,893	7,700	7,700	7,900			8,400
Ending Stocks	1,490	1,506	1,491	1,375	1,491	1,468			1,448
Total Distribution	9,366	9,382	9,384	9,075	9,191	9,368			9,848
Yield	5.	5.	5.1667	5.	5.	5.1333			5.
TS=TD			0			0			0

CORN -- STATISTICAL TABLES

Korea: Import Trade Matrix of Corn

Import Trade Matrix

Country	Korea, Republic of		
Commodity	Corn		
Time Period	Oct/Sept	Units:	1,000MT
Imports for:	2007		**2008**
U.S.	8336	U.S.	5804
Others		Others	
China	414	China	0
Brazil	296	Brazil	715
Argentina	251	Hungary	342
		Argentina	167
		Australia	51
Total for Others	961		1275
Others not Listed	12		133
Grand Total	9309		7212

Korea: Corn Imports (1,000MT, Customs Cleared Basis)			
Marketing Year	From World	From the U. S.	U. S. Share

	Feed	Food	Total	Feed	Food	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	6,860	1,871	8,731	4,036	150	4,186	48
07/08	7,680	1,629	9,309	7,259	1,077	8,336	90
08/09	5,781	1,431	7,212	4,883	921	5,804	80
09/10 a/	6,100	1,700	7,800	4,000	1,000	5,000	64

Source: FAS Seoul

a/ FAS/Seoul forecast.

Korea: Monthly Corn Import (1,000 MT)				
Month	Feed Corn		Processing Corn	
	MY 2008/09	MY 2009/10	MY 2008/09	MY 2009/10
October	493	521	73	155
November	390	426	96	143
December	536	568	226	110
January	414	420	77	155
February	317	406	96	153
Subtotal	**2,150**	**2,341**	**568**	**761**
March	255	Na	84	Na
April	548	Na	84	Na
May	696	Na	95	Na
June	600	Na	262	Na
July	479	Na	89	Na
August	455	Na	129	Na
September	598	Na	120	Na
Total	5,781	Na	1,431	Na

Source: Korea Customs Service

Korea: MY 2008/09 Monthly Corn Imports by Origin (1,000 MT, based on Customs Clearance)						
Country	U. S.	China	Brazil	Argentina	Others1/	Total
Feed Corn						
2009 Oct.	504	0	16	0	0	520
Nov.	426	0	0	0	0	426
Dec.	568	0	0	0	0	568
2010 Jan.	393	1	26	0	0	420
Feb.	359	0	33	15	0	407
Subtotal	**2,250**	**1**	**75**	**15**	**0**	**2,341**

Processing						
2009 Oct.	121	0	10	0	24	155
Nov.	123	0	0	0	21	144
Dec.	84	0	0	0	26	110
2010 Jan.	111	10	0	0	34	155
Feb.	33	0	49	0	71	153
Subtotal	**472**	**10**	**59**	**0**	**176**	**717**
Total						
2009 Oct.	625	0	27	0	24	676
Nov.	549	0	0	0	21	570
Dec.	652	0	0	0	26	678
2010 Jan.	504	11	26	0	34	575
Feb.	392	0	82	15	71	560
Grand Total	**2,722**	**11**	**134**	**15**	**176**	**3,058**

Source: Korea Customs Service

1/ mainly non-GM corn originated from Hungary (139,448 MT), Serbia (31,709 MT), Australia (3,837 MT) and others (901 MT).

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	6,510	1,996	73	8,579
2006/07	6,897	1,856	63	8,833
2007/08	7,046	1,495	92	8,633
2008/09	6,368	1,418	108	7,894
2009/10 c/	6,100	1,700	100	7,900

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: Processing Corn Consumption (Oct./Sept., 1,000 MT)			
Marketing Year	Wet Milling	Dry Milling	Total
1997/98	1,511	204	1,715
1998/99	1,670	216	1,886
1999/00	1,783	221	2,004
2000/01	1,880	204	2,092
2001/02	1,911	181	2,092
2002/03	1,929	180	2,109
2003/04	1,892	165	2,057

2004/05	1,837	129	1,966
2005/06	1,896	100	1,996
2006/07	1,752	105	1,857
2007/08	1,405	90	1,495
2008/09	1,343	74	1,417

Source: Korea Corn Processing Industry Association (KOCPIA)

Korea: Monthly Corn Use (1,000 MT)				
Month	Feed Corn		Processing Corn	
	MY 2008/09	MY 2009/10	MY 2008/09	MY 2009/10
October	601	504	105	137
November	527	507	111	137
December	581	565	109	140
January	521	510	99	159
February	467	482	86	151
Subtotal	**2,697**	**2,568**	**510**	**724**
March	535	Na	109	Na
April	530	Na	125	Na
May	512	Na	130	Na
June	528	Na	134	Na
July	527	Na	133	Na
August	500	Na	131	Na
September	539	Na	146	Na
Total	**6,368**	**Na**	**1,418**	**Na**

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

Korea: Animal Inventory (1,000 Head, 1,000 Birds)					
Animal	Year	March	June	September	December
Beef Cattle	2006	1,836	1,959	2,021	2,020
	2007	2,043	2,179	2,220	2,201
	2008	2,241	2,448	2,470	2,430
	2009	2,481	2,599	2,641	2,635
	2010	2,676	2,780c/	na	2,789d/
Dairy Cattle	2006	482	471	468	464
	2007	461	456	455	453
	2008	451	445	445	446
	2009	448	439	438	445
	2010	443	440c/	na	440d/
Swine f/	2006	9,010	9,030	9,369	9,382
	2007	9,345	9,462	9,659	9,606
	2008	8,981	9,153	9,284	9,087
	2009	9,177	9,044	9,381	9,568
	2010	9,532	9,485c/	na	9,666d/
Layer a/	2005	51,370	54,390	55,020	53,392
	2006	53,520	55,200	55,388	57,238
	2007	56,525	56,542	55,117	56,093
	2008	57,850	59,720	58,200	59,170
	2009	60,240	61,140	62,000	62,970

	2010	62,420	63,030c/	na	na
Broiler b/	2005	52,743	88,137	65,830	50,422
	2006	63,935	84,279	57,713	55,375
	2007	63,350	87,359	59,946	56,227
	2008	67,010	77,850	55,560	54,480
	2009	68,690	99,980	68,120	67,000

Source: Korea Rural Economic Institute, MIFAFF

a/ Excluding breeders.

b/ Excluding multi-use broilers.

c/ Korea Rural Economic Institute Forecast.

d/ FAS/Seoul forecast

f/ includes 864,000 heads of statistical difference between FAS/Seoul and Korean government.

Commodities:

Rice, Milled

Production:

MY 2010/11 rice production is forecast to decrease to 4.6 million tons due to lower planting intentions. According to a recent Korea Rural Economic Institute (KREI) survey of 1,615 rice farmers from December 28, 2009 – January 8, 2010, area planted is expected to decline slightly to 915,000 HA, down 1.1 percent from last year. Rice production will likely contract from the previous year's bumper levels. Information about the 2009 rice crop is available in Rice Production Report (KS9056).

The survey also revealed that farmers intend to decrease plantings of early rice varieties because of weaker farm gate prices caused by consecutive bumper crops. Meanwhile, farmers are expected to increase plantings of sweet rice varieties because of strong farm gate prices.

The Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF) forecasts 2010 rice production will decline to 4.5 and 4.7 million tons based on its forecast of 900,000 HA of planted paddy area. The government expects total paddy area to decrease further due to the mammoth four rivers reconstruction project which started this year across the country.

Yield

Rice farmers prefer planting high yield varieties because of direct government payment designed to increase production. Consequently, increased yields are expected to offset the effects of declining paddy land.

Korea: Rice Area, Yield and Production

Crop Year	Area (1,00HA)	Yield (KG/10A)	Production (Milled, 1,000 MT)
2002 a/	1,053	471	4,927
2003 b/	1,016	441	4,451
2004	1,001	504	5,000
2005	980	490	4,768
2006	955	489	4,680
2007	950	464	4,408
2008	936	518	4,843

2009	925	532	4,916
2010 c/	915	507-534	4,637-4,884
2010 d/	900	502-527	4,520-4,740

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)
a/ Heavy rains during the summer and the effects of typhoon Rusa (Aug 31 – Sep 1)
b/ Cool and rainy days during the growing season and the effects of typhoon Maemi (Sep 9 - 12).
c/ KREI forecast
d/ MIFAFF forecast

Production Policy:
The Korean government encourages and promotes self-sufficiency in rice production. Rice farmers receive two types of income support payments under the Rice Income Compensation Act (RICA), an area payment and a deficiency payment. In CY 2009, combined support payments totaled 1.22 trillion won ($963 million). An explanation of how these payments are calculated follows.

Area Payment: This payment is made on a per hectare basis and is calculated using the average area of rice production during the base period 1998-2000. The 2009 area payment was 703,696 won ($552) on average per hectare. Paddy area covered under this support program declined to 894,000 hectare, down 12 percent from the previous as the government revised the Rice Income Compensation Act (RICA) and tightened qualifications for receiving support.

Deficiency Payment: The deficiency payment is 85 percent of the difference between the national-average market price during the 2009 harvest season (Oct-Jan) and the 2009 target price, less the area payment. In 2009 the deficiency payment amounted to 150.4 won/kg ($0.12/kg), while the average harvest price of 1,779.5 won ($1.40) per kilogram (milled) was slightly higher than the target price of 2,126 won ($1.67) per kilogram (milled). [1] The area payment of 703,696 won per hectare is converted to a kilogram equivalent (144.2 won/Kg) by dividing it by the 1999-2003 Olympic average yields*.

Deficiency payments have surged from zero in 2008 to 600 billion won ($471 million) in 2009. The reason for this significant increase is due to bearish farm gate prices during recent bumper harvest seasons. The deficiency payment calculation is shown below.

[(Target Price W/kg - Average Harvest Price W/kg) x .85] - Area Payment per HA /Avg. National Yield per HA

[W 2,126 – W 1,779.5] x .85] – W 703,696/4,880 = W 150.4 per kilogram

Note: *Olympic average yields: an average during a 5-year period, dropping the highest and lowest values.

PSSE: Korea revised its Grain Management Act in March 2005 to replace the government purchasing program with a Public Storage System for Emergencies (PSSE). The PSSE was introduced as a means to ensure food security. The government supports farmers through direct purchase of domestic rice through the PSSE program. Under this program, the Korean government purchases domestic milled rice during the harvest season (Oct-Dec) paying the average market price and then sells it during the non-harvest periods at the prevailing domestic market price. The government purchased 370,000 MT (milled) of paddy rice, or 7.5 percent of the 2009 crop at an average price of 1,785 won ($1.40) per kilogram based on #1 grade. In 2010, the government plans to maintain its purchase under the PSSE and is expected to buy 370,000 MT, which is 50 percent of government held domestic rice.

Rice Reduction Plan
Rice surplus driven by consecutive bumper crops has forced the government to encourage rice farmers to cultivate other crops. The Korean government has revised relevant regulations to support farmers who are eligible to receive direct payment for other crops. The implementing regulations are awaiting passage in the National Assembly. In addition, the government plans to provide support of 3 million Korean won ($2,700) per hectare for farmers who cultivate other crops in their rice paddy lands in CY 2010. (Refer to Oilseeds & Products Annual 2010)

Korea: Direct Payment Program for Rice Income Compensation

Year	Area Payment (A)			Deficiency Payment (B)			Total (Billion Won)
	Area	Payment	Total	Production	Payment	Total	

	(1,000 HA)[1/]	(Won/HA)	(Billion Won)	(1,000 MT)[2/]	(Won/Kg)	(Billion Won)	(A)+(B)
2005	1,007	600,000	604.2	4,586	196.4	900.6	1,504.8
2006	1,024	700,000	716.8	4,637	94.2	437.1	1,153.9
2007	1,018	700,000	712.6	4,553	61.3	279.3	991.9
2008	1,014	700,000	709.8	4,499	none	0	709.8
2009	894	703,696	629.1	3,977	150.4	598.2	1,227.3

Source: FAS/Seoul estimate based on MIFAFF 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/ based on the Olympic average rice yield is 4,880 Kg per hectare for 1999-2003 and actual cultivated area registered under the program.

Korea: Government Rice Purchases under PSSE			
Crop Year	Production(1,000 MT)	Purchase(1,000 MT)	%
2005	4,768	719	15.1
2006	4,680	504	10.8
2007	4,408	417	9.5
2008	4,843	400	8.3
2009	4,916	370	7.5

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)

Korea: NACF Rice Purchases a/			
Crop Year	Production(1,000 MT)	Purchase(1,000 MT)	%
2005	4,768	1,071	22
2006	4,680	1,306	28
2007	4,408	1,227	28
2008	4,843	1,617	33
2009	4,916	1,950	40

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)

a/ exclude independent RPC purchases

Consumption:

Korean consumers prefer short grain table rice to all other rice varieties. MY 20010/11 consumption is forecast at 4.7 million tons, the same as the current marketing year. Imported rice represents only 7 percent of total consumption.

Per capita table rice consumption continues to decline as eating habits change due to rising incomes and the growing popularity of Western foods. Annual per capita table rice consumption reached its peak at 136.4 Kg in 1970 and has gradually declined and is forecast to fall to a record low of 72 Kg in MY 2010/11.

Korea is self sufficient in rice production and 76 percent of production is consumed as table rice. Korea also consumes a relatively small volume of imported rice as part of its commitment under the WTO Minimum Market Access (MMA) rice agreement. MY 2010/11 consumption of imported rice is projected at 330,000 metric tons.

In MY 2010/11, Korea’s food processing industry is expected to use about 550,000 tons of rice (milled), of which half is imported. Nearly 55 percent of processing rice is used for rice cakes and about 20 percent is used for alcohol. Consumption of processing rice is expected to grow gradually in the coming years as the government continues its efforts to globalize Korean cuisine, which includes rice cakes and other rice based snacks.

The country's rice surplus has also forced the government to encourage the rice processing industry through government supported R&D programs to develop rice based recipes. Additional support is being provided to rice processors to help set up processing facilities. The government has set an annual budget for R&D at one billion Korean won and floated 60 billion Korean won for a facility funding program in 2010. The government has also launched the "R-10 Korea" campaign, which encourages consumers to switch from wheat to rice-based products.

Korea: Rice Utilization Pattern (1,000 MT, milled)				
Rice Year (Nov.- Oct.)	MY 2007/08	MY 2008/09 a/	MY 2009/10 b/	MY 2010/11 c/
Table Rice	3,755	3,684	3,660	3,650
Processing	436	410	550	550
(for food)	(436)	(321)	(350)	(400)
(for liquor)	(0)	(89)	(200)	(150)
Seed	40	40	40	40
Other, including loss	443	654	500	500
Total Demand	**4,674**	**4,788**	**4,750**	**4,740**
Per Capita Table Rice Consumption (Kg)	75.8	74.0	73.2	72.0

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)

a/ Revised b/ Preliminary c/ FAS/Seoul Forecast

Korea: Processing Rice Consumption Pattern (1,000 MT, milled)			
Purpose	MY 2007/08	MY 2008/09 a/	MY 2009/10 b/
KRFA	110	132	145
KALIA	0	89	200
Others c/	326	189	205
Total	436	410	550

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)

a/ MIFAFF forecast

b/ FAS/Seoul Forecast

c/ traditional foods or beverage made of local rice.

Note: Korea Rice Foodstuffs Association (KRFA), Korea Alcohol & Liquor Industry Association (KALIA)

Korea: Rice Supply for Processing Purposes to KRFA Members (Metric Ton, Milled)			
Calendar Year	Local Rice	Imported Rice	Total
1995	200,160	0	200,160
1996	130,632	3,000	133,632
1997	30,171	57,957	88,128
1998	933	77,259	78,192
1999	0	74,214	74,214
2000	0	67,112	67,112
2001	0	66,850	66,850
2002	79	73,884	73,963
2003	306	84,851	85,157
2004	249	91,624	91,873
2005	215	96,020	96,235
2006	67	97,250	97,317
2007	210	101,064	101,274
2008	572	109,552	110,124

2009	806	131,344	132,150

Source: Korea Rice Foodstuffs Association (KRFA)

a/ KRFA's forecast

Korea: 2008 Rice Supply for Processing Purposes to KRFA Members (Metric Ton, Milled)		
Item	Quantity (mt)	Ratio (%)
Cake/Noodle	72,485	54.9
Confectionary	8,019	6.0
Flour	15,370	11.6
Alcohol	26,238	19.9
Sticky Sweet	4,008	3.0
Traditional Food	806	0.6
Others	5,224	4.0
Total	132,150	100

Source: Korea Rice Foodstuffs Association (KRFA)

Trade:

Korea imports rice as part of its WTO Minimum Market Access (MMA) rice agreement. Import volumes will continue to grow according to the predefined MMA schedule until the end of 2014 or until Korea announces early tariffication.

Tariffication

In March 2010, a government-sponsored rice sub-committee held discussions pertaining to the benefit of early tariffication of rice. Strongly-held reasoned positions were presented by diverse stakeholder groups. The majority of participants placed more weight on early tariffication. However, cautious participants insisted that the opening of Korea's rice market be linked to the conclusion of the Doha negotiations. The sub-committee plans to take the dialogue on the road to discuss this critical issue with local famers and farmers groups. A notional outline is provided below if Korea is to meet the deadline of notifying the WTO per implementing rice tariffication in January 2011.

April – May: meetings with local farmers and farmers groups to forge consensus on rice tariffication.
June – August: revise relevant rice regulations (Grain Management Act, Framework Act on Agriculture and Rural Community and Act on Distribution and Price Stabilization of Agricultural and Fishery Products)
September: get through National Assembly ratification

Imports:

MY 2010/11 rice imports are forecast at about 327,311 tons, up 20,347 tons from the previous year. Under the 2010 MMA, Korea is committed to purchase 327,311 tons (milled) of rice, which will likely occur in the second half of 2010. Of the total committed purchase amount, approximately 90,000 MT (milled), or 27 percent of the 2010 MMA, will be U.S. medium grain rice, which includes both CSQ and MFN quota allocations.

2009 MMA Purchases Completed:

The 2009 MMA tendering process was completed in December. Korea purchased a total of 306,964 metric tons (MT) of rice from the United States, China, Thailand and Pakistan. The U.S. share was 26.5 percent, with contracts totaling 81,346 MT (milled), worth of $69 million. The bulk of the U.S. contracts, roughly 64,000 MT, were for brown rice and the remaining 23,760 tons were for table rice. More details on the tender results are included in the table immediately following this report. The contracted price for U.S. #1 table rice was $862.27/MT, down approximately 24 percent from the previous year in part due to the stabilizing international grain markets. U.S. #3 table rice was at $852/MT, down 26 percent from the previous contracted price. Chinese and Thai #1 table rice prices fell to $861 and $648 per MT, respectively. Korea also purchased 1,111 MT of glutinous brown rice from Thailand for the first time.

Korea: Rice Contracts by Country, 2009 MMA (Unit: MT, Milled Basis)					
Country	Global Quota		CSQ		Total (%)
	Processing	Table	Processing	Table	
USA	31,270	0	26,316	23,760	81,346 (26.5)
China	40,119	3,510	66,697	49,462	159,788 (52.1)
Thailand	30,347	0	26,885	3,078	60,310 (19.6)
Pakistan	5,520	0	0	0	5,520 (1.8)
S.Total	107,256	3,510	119,898	76,300	306,964 (100)
G. Total	**110,766**		**196,198**		**306,964**

Source: Korea Agro-Fishery Corporation (aT)

Korea: Value of U.S. Rice Sales to Korea, 2009 MMA				
Contracts	Milled rice(MT)	Brown rice(MT)	Arrival unit price	Amount
			($/MT)	($)
1		6,000	774.40	4,646,400
2		6,000	789.90	4,739,400
3	21,384		862.27	18,438,782
4		22,744	723.20	16,448,461
5	2,376		852.00	2,024,352
6		15,000	773.00	11,595,000
7		14,240	760.60	10,830,944
total	**23,760**	**63,984**		**68,723,338**

Source: Korea Agro-Fishery Corporation (aT), totaling 81,346 MT in milled basis.

Auctions:

The government's state trading arm, the Korea Agro-Fishery Trade Corporation (aT), manages the purchase and sale of imported rice. The aT sells the table rice shipments through a public auction system. The MIFAFF sells the processing rice to end-users throughout the year. 2009 MMA shipments started arriving in late 2009 and will continue until October 2010. Approximately 80,000 MT of table rice will be delivered over this period.

The aT kicked off table rice auctions for Thai rice in February, Chinese rice in March, and U. S. rice in April. However, the progress of auctions has been very slow due to high domestic supply and strengthened country of origin labeling (COOL) requirements. Currently, auctions of U.S. table rice are been held for both 2008 and 2009 CSQs.

In response to sluggish sales of U.S. and Chinese origins under 2008 MMA, aT dropped its bid floor prices four times, from Korean won 1,662 ($1.3) per Kg to 1,000 ($0.78) for U.S. #1 medium grain rice, while Chinese #1 short grain price declined to from Korean won 1,629 ($1.28) per Kg to won 950 ($0.75). Thai #1 long grain was completely sold in three months due to surging demand from restaurants and from South East Asian migrant workers.

Korea: Status of Rice Auction for Table Rice under 2009 CSQ (Unit: metric tons, milled basis, as of April 19, 2010)					
Commodity	USDA Grade	Total Table Rice CSQ	Auctioned Off	Balance	Rate of Auctioned Off
U.S. Medium Grain	#1	21,384	27	21,357	0.1%
	#3	2,376	a/	2,376	Na
Chinese Short Grain	#1	29,682	93	29,589	0.3%
	#3	19,780	a/	19780	Na
Chinese Medium Grain	#1	3,510	a/	3510	Na
Thai Long Grain	#1	3,078	79	2,999	3%
Total		79,810	199	79,611	2%

Source: Korea Agro-Fishery Trade Corporation (aT)

a/ to be auctioned off later

Korea: Status of Rice Auction for Table Rice under 2008 CSQ (Unit: metric tons, milled basis, as of April 19, 2010)					
Commodity	USDA Grade	Total Table Rice CSQ	Auctioned Off	Balance	Rate of Auctioned Off
U.S. Medium Grain	#1	15,191	15,186	5	100%
	#3	3,798	1,512	2,286a/	40%
Chinese Short Grain	#1	23,575	16,975	6,600b/	72%
	#3	15,717	0	15,717b/	0%
Chinese Medium Grain	#1	2,774	157	2,617b/	6%
Thai Long Grain	#1	2,000	2,000	0	100%
Total		63,055	35,830	27,225	57%

Source: Korea Agro-Fishery Trade Corporation (aT)

a/ selling auction is ongoing.

b/ to be diverted to the alcohol processing purpose.

Korea: Auctioned-Off Prices of Imported Table Rice Comparing with Local Rice (Unit: Korean Won per Kg on Average)							
Auctioning-off Period	U.S. Medium Grain		Chinese Short Grain (Medium Grain)		Thai Long Grain	Korean Short Grain Wholesale	
	#1	#3	#1	#3	#1	High Quality	Medium Quality
2006 April-September (2005 MMA)	1,138	991	1,274	1,133	555	1,861	1,812
2007 March-August (2006 MMA)	1,363	1,211	1,357	1,303	953	1,961	1,916
2008 February-August (2007 MMA)	1,542	1,510	1,487	1,558	1,132	2,034	1,983
2009 February-April 2010 (2008 MMA)	1,160	1,054a/	1,125 (1,100)	na	1,329	1,913	1,845
2010 February-April 2010a/ (2009 MMA)	1,350	na	1,300	na	950	1,698	1,649

Source: Korea Agro-Fishery Trade Corporation (aT) a/ selling auction is ongoing.

Exports:

Since CY2008, Korea has exported negligible amount of rice. In CY 2009, Australia imported 2,268 MT or 54 percent of total Korean rice exports followed by 37 other counties. The U.S. imported 443 MT of Korean rice for the period.

Stocks:

MY 2010/11 ending stocks are forecast to increase to 1.65 million tons, nearly 35 percent of total consumption, as rice consumption continues its downward trend. MY 2009/10 stocks are forecast at 1.46 million tons, equivalent to roughly 31 percent of consumption.

Ending stocks of imported rice continue to level off as the government encourages the use of rice in food processing. Imported rice stocks for MY 2010/11 are expected to remain the same from the previous year at 100,000 metric tons.

Korea: Status of Rice Stocks (Milled rice, 1,000 MT, as of end October)						
Rice Year (Nov.-Oct.)	2005/06	2006/07	2007/08	2008/09 a/	2009/10 b/	2010/11 b/
Total	815	702	694	1,002	1,464	1,651
Government Stock	705	596	608	791	800	800
-Domestic Rice	493	456	510	701	700	700
-Imported Rice	212	140	98	90	100	100
Civil Stock	110	106	86	211c/	664c/d/	851d/

Source: FAS/Seoul Estimate based on MIFAFF data.

a/ MIFAFF Preliminary

b/ FAS/Seoul forecast

c/ including 100,000 tons of 2008 crop that NACF purchased under the government loan program in the summer of 2009.

d/ including 340,000 tons that NACF purchased under the government loan program in the fall of 2009.

Production, Supply and Demand Data Statistics:

Rice, Milled Korea, Republic of	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Nov 2008			Market Year Begin: Nov 2009			Market Year Begin: Nov 2010		
	USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data		New Post Data
Area Harvested	936	936	936	925	924	924			900
Beginning Stocks	694	694	694	825	825	1,002			1,464
Milled Production	4,843	4,843	4,843	4,910	4,916	4,916			4,600
Rough Production	6,545	6,545	6,545	6,635	6,643	6,643			6,216
Milling Rate (.9999)	7,400	7,400	7,400	7,400	7,400	7,400			7,400
MY Imports	250	262	256	300	300	300			330
TY Imports	245	260	241	300	300	300			330
TY Imp. from U.S.	0	70	70	0	80	80			90
Total Supply	5,787	5,799	5,793	6,035	6,041	6,218			6,394
MY Exports	2	2	3	0	0	4			3
TY Exports	2	2	4	0	0	4			3
Consumption and Residual	4,960	4,972	4,788	4,978	4,750	4,750			4,740

Ending Stocks	825	825	1,002	1,057	1,291	1,464			1,651
Total Distribution	5,787	5,799	5,793	6,035	6,041	6,218			6,394
Yield (Rough)	7.	7.	6.9925	7.	7.	7.1894			6.9067
TS=TD			0			0			0

RICE -- STATISTICAL TABLES

Korea: Import Trade Matrix of Rice

Import Trade Matrix

Country	Korea, Republic of		
Commodity	Rice, Milled		
Time Period	Jan/Dec	Units:	1,000MT
Imports for:	2008		**2009**
U.S.	77	U.S.	70
Others		Others	
China	148	China	151
Thailand	57	Thailand	20
Total for Others	205		171
Others not Listed	0		0
Grand Total	282		241

Korea: Farm Gate Price Index of Non-Glutinous Rice (2005=100)		
Year and Months	Price Index	
2000	111.6	
2001	108.8	
2002	106.0	
2003	110.4	
2004	110.8	
2005	100.0	
2006	95.8	
2007	98.7	
2008	104.0	
2009	98.3	
Quarterly	**2008**	**2009**
First	100.4	105.4

Second	103.1	103.5
Third	105.1	97.6
Fourth	105.6	92.9

Source: National Statistical Office (NSO)

Korea: Monthly Wholesale Price of Milled Rice
(High Quality)

Month\Year	CY 2008		CY 2009		CY 2010	
	Won/Kg	US$/Kg	Won/Kg	US$/Kg	Won/Kg	US$/Kg
January	1,969	2.09	2,060	1.53	1,710	1.50
February	1,993	2.11	2,051	1.43	1,710	1.48
March	2,000	2.04	2,048	1.40	1,693	1.49
April	2,000	2.04	2,040	1.53	1,680	1.50
May	2,010	1.95	2,018	1.61	Na	Na
June	2,058	2.00	1,951	1.55	Na	Na
July	2,076	2.04	1,917	1.52	Na	Na
August	2,100	2.02	1,867	1.51	Na	Na
September	2,100	1.86	1,830	1.51	Na	Na
October	2,021	1.53	1,756	1.50	Na	Na
November	2,020	1.46	1,711	1.47	Na	Na
December	2,030	1.48	1,710	1.47	Na	Na
Average	2,032	1.85	1,913	1.50	Na	Na

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

Korea: Monthly Retail Price of Milled Rice
(High Quality)

Month\Year	CY 2008		CY 2009		CY 2010	
	Won/Kg	US$/Kg	Won/Kg	US$/Kg	Won/Kg	US$/Kg
January	2,174	2.31	2,302	1.71	2,101	1.84
February	2,182	2.31	2,299	1.61	2,090	1.81
March	2,201	2.25	2,298	1.58	2,080	1.83
April	2,210	2.25	2,287	1.72	2,103	1.88
May	2,233	2.16	2,281	1.82	Na	Na
June	2,258	2.19	2,255	1.79	Na	Na
July	2,272	2.24	2,221	1.76	Na	Na
August	2,273	2.18	2,204	1.78	Na	Na
September	2,289	2.03	2,201	1.81	Na	Na
October	2,269	1.72	2,188	1.87	Na	Na
November	2,317	1.67	2,139	1.84	Na	Na
December	2,318	1.69	2,110	1.81	Na	Na
Average	2,251	2.05	2,093	1.64	Na	Na

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

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	20,347a/	205,228	50,076	116,159	29,963	9,030
2006	245,922	49,724b/	196,198	50,076	116,159	29,963	c/
2007	266,270	70,072d/	196,198	50,076	116,159	29,963	c/
2008	286,617	90,419e/	196,198	50,076	116,159	29,963	c/
2009	306,964	110,766f/	196,198	50,076	116,159	29,963	c/
2010	327,311	122,083	205,228	50,076	116,159	29,963	9,030
2011	347,658	142,430	205,228	50,076	116,159	29,963	9,030
2012	368,006	162,778	205,228	50,076	116,159	29,963	9,030
2013	388,353	183,125	205,228	50,076	116,159	29,963	9,030
2014	408,700	203,472	205,228	50,076	116,159	29,963	9,030

Source: MIFAFF and Korea Agro-Fishery Trade Corporation (aT)

a/ Global quota allocations: United States 6,104 MT; China 11,191 MT; and Thailand 3,052 MT.

b/ Global quota allocations: United States 13,025 MT; China 23,080 MT; and Thailand 13,619 MT.

c/ Australia CSQ allocation converted to MFN due inability to fulfill quota.

d/ Global quota allocations: United States 21,643MT; China 32,352MT; and Thailand 16,077 MT.

e/ Global quota allocations: United States 19,534MT; China 35,126MT; and Thailand 35,759 MT.

f/ Global quota allocations: United States 31,270MT; China 43,629MT; Thailand 30,347 MT; and Pakistan 5,520MT

Korea: Import Schedule of Table Rice (MT, Milled Rice)			
Calendar Year	Total	Table Purpose	Rate of Table Rice (%)
2005	225,575	22,557	10
2006	245,922	34,429	14
2007	266,270	47,928	18
2008	286,617	63,055a/	22
2009	306,964	79,810	26
2010	327,311	98,193	30
2011	347,658	104,297	30
2012	368,006	110,401	30
2013	388,353	116,505	30
2014	408,700	122,610	30

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)

a/ Of them, 24,934MT of Chinese rice is diverted to the processing purpose

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	Pakistan	Australia
1995	51,307	0	0	0	51,307	0	0	0
1996	64,134	0	64,134	0	0	0	0	0
1997	76,961	0	58,961	18,000	0	0	0	0
1998	89,787	0	83,487	6,300	0	0	0	0

1999	102,614	0	80,114	13,500	0	9,000	0	0
2000	102,614	0	84,614	18,000	0	0	0	0
2001	128,268	27,000	63,000	18,000	0	0	0	20,268
2002	153,921	36,000	95,421	22,500	0	0	0	0
2003	179,575	49,500	103,075	27,000	0	0	0	0
2004	205,228	58,500	117,028	29,700	0	0	0	0
2005	225,575	56,179	127,351	33,015	0	0	0	9,030
2006	245,922	63,101	145,343	37,478	0	0	0	0
2007	266,270	71,719	148,511	46,040a/	0	0	0	0
2008	286,617	69,610	151,285	65,722	0	0	0	0
2009	306,964	81,346	159,788	60,310	0	0	5,520	
Total	2,485,757	512,955	1,482,112	395,565	51,307	9,000	5,520	29,298

Source: FAS/Seoul

a/ Thai suppliers delivered only 8,470 MT of the total contracted amount

Korea: CSQ Table Rice Allocation (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	1,515b/	34,429
%	30.3	62.4	2.9	4.4	100
2007	14,193	29,626	2,000	2,109a/	47,928
%	29.6	61.8	4.2	4.4	100
2008	18,989	39,292	2,000	2,774b/	63,055
%	30.1	62.3	3.2	4.4	100
2009	**23,760**	**49,462**	**3,078c/**	**3,510b/**	**79,810**
%	**29.8**	**62.0**	**3.8**	**4.4**	**100**

Source: MIFAFF

a/ USA won the Australian CSQ allocation converted to MFN due inability to fulfill quota under drought conditions.

b/ China won the Australian CSQ allocation converted to MFN due inability to fulfill quota under drought conditions.

c/ included 90 MT of Jasmin rice.

Korea: 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	7,515a/	170,799
%	23.2	55.4	17	4.4	100
2007	35,883	86,533	27,963	6,921a/	157,300
%	22.8	55.0	17.8	4.4	100
2008	31,087	76,867	27,963	6,256a/b/	142,173
%	21.9	54.1	19.6	4.4	100
2009	**26,316**	**66,697**	**26,885**	**5,520c/**	**125,418**
%	**21.0**	**53.2**	**21.4**	**4.4**	**100**

Source: MIFAFF

a/ Thailand won the Australian CSQ allocation converted to MFN due inability to fulfill quota under drought conditions.

b/ Broken rice

c/ Pakistan won the Australian CSQ allocation converted to MFN due inability to fulfill quota under drought conditions.

Korea: Global Quota Allocation per Rice Variety
(MT, Milled rice)

	Medium Grain	Short Grain	Long Grain	Others		Total
2005	6,104	11,192	3,052	na	na	20,347
%	30	55	15	na	na	100
2006	13,022	21,568	6,104	na	na	40,694
%	32	53	15	na	na	100
2007	19,534	32,351	9,156	na	na	61,041
%	32.0	53	15	na	na	100
2008	19,534	32,352	9,156	20,347a/	na	81,389
%	24.0	39.8	11.2	25.0	na	100
2009	**31,270**	**40,119**	**9,000**	**20,347b/**	**1,000c/**	**101,736**
%	**30.7**	**39.4**	**8.9**	**20.0**	**1.0**	**100**

Source: MIFAFF

1/ MIFAFF introduced an optional variety allocation in the 2008 MMA in order to minimize outlays due to rising international grain prices.

a/ Optional Variety

b/ Broken rice with an optional variety

c/ Sweet rice

Korea: 2009 MMA Rice Tender Schedule and Results
(Milled Rice, Metric Ton)

No.	Bidding Date	Specs (contracted date)	Quantity, milled (brown)	Delivery (disport)	Origin (Awarded Price: US$/MT)	Milling Type	Quota Type
1	9/22/09 10/16/09 12/3/09	SG #3 (12/11/09)	18,000 (**20,000**)	By 4/30/10 Kunsan	789.00 CIP From DW/COFCO China	Brown	Global
		MG #3 (9/30/09)	5,400 (**6,000**)	By 1/31/10 Busan in container	774.40 CIP From SM/ADM USA		
		LG #3 (9/30/09)	9,000 (**10,000**)	By 11/30/09 Gunsan	554.95 CIP From Daeyang FMS/Asia Golden Rice Thailand		
2	9/30/09 10/16/09 12/3/09	SG #3 (12/11/09)	22,119 (**24,577**)	By 3/31/2010 Inchon (10,000) Ulsan (14,577)	786.50 CIP From SS/Jilin Grain Group China		
		MG #3 (10/8/09)	5,400 (**6,000**)	By 2/28/2010 Busan in container	789.90 CIP From LG/FRC USA		
3	10/7/09 10/28/09 12/10/09	SG #1 (12/17/09)	**29,682**	By 8/31/2010 Pyeongtaek	861.00 CFR From DW/COFCO China	Milled	CSQ

		MG #1 (10/16/09)	**21,384**	By 7/31/2010 Busan	862.27 CFR from SS/Connell USA		
		LG #1 (11/9/09)	**2,988**	By 3/31/2010 Busan	648.40 CFR From Hyolim/Chiameng Thailand		
5	10/28/09 12/10/09	SG #3 (12/17/09)	**19,780**	By 10/31/2010 Pyeongtaek	855.00 CFR DW/COFCO China		
		MG #3 (11/9/09)	**2,376**	By 9/30/2010 Busan	852.00 From SM/ADM USA		
		LG #1 Jasmin Rice (11/9/09)	**90**	By 2/28/2010 Busan	1,082.25 CFR from Hyolim/Chiameng Thailand		
4	10/21/09 12/3/09	Broken Rice US #3 Brewer's Milled Rice (10/26/09)	**20,347**	By 2/20/2010 Inchon	338.45 CFR From LG/Chaiyaporn Thailand	Milled	Global
		MG #3 (10/26/09)	20,470 (**22,744**)	By 6/30/2010 Busan in container or Masan in bulk	723.20 CIP From SM/ADM USA	Brown	Global
		US #3 Glutinous Brown Rice (12/11/09)	1,000 (**1,111**)	By 4/30/2010 Inchon	859.00 CIP DW/XXXX Thailand		
6	11/11/09 12/10/09	SG #3 (12/17/09)	13,500 (**15,000**)	By 5/31/2010 Donghae	782.50 CIP From SS/Jilin Grain Group China	Brown	CSQ
		SG #3 (12/17/09)	9,000 (**10,000**)	By 5/31/2010 Mokpo	783.50 CIP DW/COFCO China		
		MG #3 (11/18/09)	13,500 (15,000)	By 4/30/2010 Donghae	773.00 CIP from DW/FRC USA		
		LG #3 (11/18/09)	13,500 **(15,000)**	By 4/30/2010 Kunsan	552.26 CIP from Hyolim/Chiameng Thailand		
7	11/25/09	SG #3 (11/30/09)	9000 **(10,000)**	By 5/31/2010 Masan	793.50 CIP from DW/COFCO China	Brown	CSQ
		SG #3 (11/30/09)	13,500 **(15,000)**	By 5/31/2010 Mokpo	793.50 CIP from DW/COFCO China		
		SG #3 (11/30/09)	21,697 **(24,108)**	By 6/302010 Inchon	793.50 CIP from DW/COFCO China		
		MG #3 (11/30/09)	12,816 **(14,240)**	By 5/31/2010 Kunsan	760.60 CIP from SM/ADM USA		
		LG #3 (11/30/09)	13,385 **(14,872)**	By 6/30/2010 Inchon	593.88 CIP from DW Thailand		
8	12/3/09 12/18/09	MG #1 (12/24/09)	**3,510**	By 6/30/2010 Busan	830.00 CFR From Daeyang FMS/COFCO China	Milled	Global 1/
		LG #3 (12/11/09)	5,520 **(6,133)**	By 5/31/2010 Busan	569.00 CIP From SS/SS Hong Kong Pakistan	Brown	
Total (Milled)			306,964				

Source: Korea Agro-Fishery Trade Corporation (aT)

Note: Milling rate for milled rice is applicable at 90 percent of brown rice, and vice versa.

LG denotes long grain, SG short grain and MG medium grain, respectively.

CIP: Carriage and insurance Paid to—Commodity + Ocean Freight + Insurance (about 0.33% of CNF) + Unloading Charge (about US$20/MT) + Customs Clearance Fee (about one million Korean Won)

CFR: Cost and Freight— Commodity + Ocean Freight

1/ Australia CSQ allocation converted to MFN due inability to fulfill quota.

Korea: Foreign Exchange Rate (Korean Won against US$)		
Month	2009	2010
January	1,345	1,139
February	1,430	1,155
March	1,458	1,136
April	1,336	1,119
May	1,254	na
June	1,258	na
July	1,262	na
August	1,237	na
September	1,215	na
October	1,172	na
November	1,163	na
December	1,163	na
Average	1,274	na