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Korea - Republic of

LOCK-UP REPORT

Grain and Feed

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Report Highlights:
The MY 2009/10 total wheat import estimate is forecast at 3.9 million metric tons, up 600,000 metric tons due to strong demand for imported feed wheat from the Black Sea Region. Imports of U.S. milling wheat are projected at 1 million metric tons. The total MY 2009/10 corn import estimate is lowered to 7.6 million metric tons because of rising feed wheat usage. The United States will remain the top corn supplier with imports forecast at 5 million metric tons. In order to stabilize sagging farm gate prices, the government and the country’s largest farmer’s cooperative, NACF, will help finance purchases of a record 2.81 million metric tons of domestic rice.

Post:
Seoul

Commodities:

Wheat

Corn

Rice, Milled

Author Defined:

WHEAT

Production:

Growing consumer demand for locally grown milling wheat is expected to push MY 2009/10 wheat production up 80 percent to 18,000 metric tons. In fact, several local wheat millers have increased purchase contracts for local milling wheat. Area planted is projected to expand to 8,600 HA during this period.

This projected increase is part of the government's ambitious plan to increase the country's self sufficiency rate to 10 percent with production reaching 200,000 metric tons by 2017. The wheat planted under this program will be a winter variety, most of which will be planted in rice fields following the rice harvest. Consequently, rising wheat production is not expected to put downward pressure on the country's rice production at this time.

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	3.55a/	18,000a/

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

Consumption:
In MY 2009/10, total wheat consumption is forecast at 3.9 million metric tons, up nearly 900,000 tons from the previous year. The increase in consumption is mainly due to strong demand for competitively priced feed wheat.

Meanwhile, total milling wheat consumption for MY 2009/10 is expected to remain unchanged from the previous year because of excess domestic rice supplies. In fact, some food processors that were previously using wheat flour have reportedly now switched to rice flour.

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	100
Flour Exports b/	83	73	56	50
Local Wheat	6	8	10	18
FSI Consumption c/	2,241	2,307	2,064	2,118
Feed Wheat	1,063	686	942	1,800
Total Consumption	3,304	2,993	3,006	3,918

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.

Wheat Trade:

Wheat imports (excluding flour) during MY 2009/10 are forecast to climb nearly 600,000 metric tons, reaching 3.9 million metric tons. The projected increase is due to strong demand for competitively priced feed wheat from the Black Sea Region.

The MY 2009/10 feed wheat import forecast has been revised upward to 1.8 million tons, an increase of 700,000 tons from our earlier estimate. To date, nearly 1.5 million tons of feed wheat contracts have been made with deliveries scheduled through March 2010. The average prices of these optional origin contracts ranges from $167-209 per metric ton.

The MY 2009/10 import estimate for U.S. milling wheat has been revised downward to 1.0 million metric tons due to stronger competition from Australia as that country's production prospects improve. Increased Australian competition will reduce the U.S. share of the milling wheat market to around 50 percent, which is in line with historical trends.

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/	1,800	2,000	100	3,900

Source: Korea Customs Service

1/ Wheat basis

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

Korea: MY 2009/10 Feed Wheat Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of September 9, 2009)		
ETA	Quantity	Price (US$/MT)[1/]
Jul. 2009	165	172
Aug.	116	167
Sep.	165	168
Oct.	165	170
Nov	275	204
Dec	165	209
Jan. 2010	220	201
Feb.	110	198
Apr.	165	192
Total	1,543	

Source: Local Grain Traders

1/ Contracts were made in May 2008

2/ Average CNF

Flour Trade:

Flour imports during MY 2009/10 are forecast to rebound slightly to 73,000 metric tons (100,000 MT wheat equivalent) as food processors continue to search for the most competitively priced flour along.

In MY2008/09, flour imports contracted 35 percent to about 50,000 metric tons (68,570 MT wheat equivalent) because small-sized restaurants and noodle manufacturers reduced demand as the Korean won lost value against the U.S. dollar.

As long as domestic flour prices remain high, flour millers are expected to cut-back on exports. The flour exports in MY 2008/09 declined to 41,789 metric tons (55,719 MT wheat equivalent), down nearly 24 percent from last year. Japan has been a major importer of Korean wheat flour.

Korea: Wheat Flour Imports (Metric Ton, July/June)						
Country	MY2003	MY2004	MY2005	MY2006	MY2007	MY2008
U.S.A.	955	909	315	594	771	425
Canada	2,455	10,690	16,416	28,595	35,662	11,206

Australia	40	72	1,250	2,510	1,721	1,979
China	3,519	7,081	8,510	12,037	27,045	815
Others	879	2,135	3,272	6,824	11,795	35,699
Total	**7,848**	**20,887**	**29,763**	**50,560**	**76,994**	**50,124**
Wheat Basis	10,464	27,849	39,684	67,413	105,328	68,570

Source: Korea Customs Service (KCS)

Korea: Wheat Flour Exports (Metric Ton, July/June)						
Country	MY2003	MY2004	MY2005	MY2006	MY2007	MY2008
Total	79,834	76,764	70,027	61,922	54,740	41,789
Wheat Basis	106,445	102,352	93,369	82,563	72,987	55,719

Source: Korea Customs Service (KCS)

Tariff

In late June, The Ministry of Strategy and Finance (MOSF) released its adjusted tariffs and tariff rate quotas (TRQ) for the second half of 2009 (Jul-Dec). The milling wheat tariff was raised to the WTO bound rate of 1.8 percent for the last half of 2009. Meanwhile, the feed wheat TRQ and corresponding duty were eliminated in 2007.

Korea: Wheat Import Tariff Rates for CY 2009 (Percent)						
Commodity		Applied Tariff Rate			Bound Tariff Rate	
		2008	2009		2008	2009
			Jan-Jun	Jul-Dec		
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	0 a/	1	1.8	1.8	1.8
Others	1001.90.9090	1.8	1.8			

Source: Korea Customs Service (KCS)

a/ The emergency measures for the 2.6 MMT of TRQ are effective from Apr-Dec 2008.

Wheat PSD

Wheat Korea, Republic of	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data

Area Harvested	2	2	2	3	3	3	7	7	5
Beginning Stocks	892	892	892	900	821	821	987	876	1,047
Production	8	8	8	10	10	10	25	25	18
MY Imports	3,092	2,987	2,987	3,371	3,100	3,278	3,400	3,200	3,900
TY Imports	3,092	2,987	2,987	3,371	3,100	3,278	3,400	3,200	3,900
TY Imp. from U.S.	1,526	1,508	1,508	1,149	1,200	1,148	0	1,100	1,000
Total Supply	3,992	3,887	3,887	4,281	3,931	4,109	4,412	4,101	4,965
MY Exports	92	73	73	94	55	56	100	50	50
TY Exports	92	73	73	94	55	56	100	50	50
Feed Consumption	700	686	686	1,200	900	942	1,200	1,100	1,800
FSI Consumption	2,300	2,307	2,307	2,000	2,100	2,064	2,200	2,200	2,100
Total Consumption	3,000	2,993	2,993	3,200	3,000	3,006	3,400	3,300	3,900
Ending Stocks	900	821	821	987	876	1,047	912	751	1,015
Total Distribution	3,992	3,887	3,887	4,281	3,931	4,109	4,412	4,101	4,965
Yield	4.	4.	4.	3.	3.	3.3333	4.	4.	3.6
TS=TD			0			0			0

Wheat Import Trade Matrix

Import Trade Matrix

Country Korea, Republic of

Commodil 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 Liste	1		19
Grand Total	2882		3209

Note: Matrix does not include wheat flour imports

Korea: MY 2009/10 Monthly Wheat Imports by Origin (1,000 MT, based on Customs Clearance)						
Country	U. S.	Australia	Canada	China	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
Total	**240**	**184**	**30**	**0**	**3**	**457**
Feed Wheat						
2009 July	0	0	0	0	114	114
August	0	0	0	0	157	157
September	0	0	0	0	236	236
Total	**0**	**0**	**0**	**0**	**507**	**507**
Total Wheat						
2009 July	53	50	0	0	114	217
August	100	56	14	0	157	327
September	87	78	16	0	239	420
Total	**240**	**184**	**30**	**0**	**510**	**964**

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	Na
August	3	153	146	Na
September	3	169	157	Na
October	21	Na	173	Na
November	55	Na	157	Na
December	96	Na	177	Na
January	97	Na	186	Na
February	103	Na	148	Na
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

CORN

Production:

Corn production for MY 2009/10 is estimated at roughly 85,000 MT based on the preceding five-year average yield. Domestically produced corn is eaten on the cob or as puffed kernels, and accounts for about 1 percent of total corn consumption. The government will release 2009 official production figures around April 2010.

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

2006	13,661	4.73	64,623
2007	16,981	4.82	83,513
2008	18,366	5.05	92,830
2009a/	18,400	4.74	85,000

Source: Ministry for Food, Agriculture, Forestry & Fisheries (MIFAFF), National Statistical Office (NSO)
a/ FAS/Seoul forecast based on five-year average yield

Consumption:

Total corn consumption for MY 2009/10 is lowered to 7.7 million metric tons, down 400,000 metric tons from the earlier forecast due to increased demand for competitively priced feed wheat. Feed corn consumption is forecast at 6.0 million metric tons, down 500,000 metric tons from the previous estimate.

Compound feed production is expected to hold steady at around 16 million metric tons in MY 2009/10. Feed corn is the main ingredient used in compound feed and has accounted for 40-45 percent of the total ingredients used in compound feed production over the last decade. However, during MY 2008/09 this ratio slipped to 39 percent because of the increased availability of inexpensive feed wheat. This ratio could again dip slightly lower this year for the same reason, but is not expected to be a long term trend.

Processing corn consumption during MY 2009/10 is unchanged from our earlier estimate at 1.6 million metric tons. Year over year processing corn consumption is up 200,000 metric tons as beverage and food processors have gradually switched from sugar back to cheaper high fructose corn syrup (HFCS) since April 2009.

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	1,400	108	7,876
2009/10 c/	6,000	1,600	100	7,700

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**	**10,100**
- Wheat	1,037	412	1,416	1,700
- Corn	6,914	7,046	6,368	6,000
-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**	**16,100**

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	5,100
Cattle	5,516	5,550	5,600
Others b/	1,029	1,009	1,000
Total	16,227	16,279	16,100

Source: Korea Feed Association (KFA)

a/ FAS/ Seoul forecast

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

Imports:

The MY 2009/10 corn import forecast is lowered to 7.6 million metric tons, down 400,000 metric tons. Although the import forecast is revised downward, the MY 2009/10 import estimate remains higher than the previous year's import levels.

The feed corn import estimate for MY 2009/10 is lowered to 6.0 million metric tons because of the anticipated increases in imported feed wheat and to a lesser extent a slight contraction swine inventories.

MY 2009/10 U.S. corn imports are forecast to stay around 5 million metric tons, but could reach as much as 6.0 million metric tons if China's export controls remain in place throughout the year. Imports of U.S. corn are expected to remain strong as there are few alternative suppliers.

As of September 2009, importers had contracted for 2.9 million metric tons of both feed and processing corn with delivery scheduled from October 2009 to March 2010. Half of the contracts are for U.S. origin corn and the rest are optional origin contracts listing the United States, South America or China as potential suppliers. The contracted prices for feed corn range from $195-245 per metric ton CNF. Meanwhile the contracted prices for U.S. No. 2 non-GM yellow corn for processing range from $234-260 per metric ton.

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/	6,000	1,600	7,600	4,000	1,000	5,000	66

Source: Korea Customs Service

a/ FAS/Seoul forecast

Korea: Corn Contracts by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of September, 2009)					
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.	210	0	0	218	428
Mar.	110	0	0	218	328
Total	**1,276**	**0**	**0**	**1,591**	**2,867**

Source: Local Grain Traders

1/ optional origins at seller's option

Tariff

In late June 2009, the Ministry of Strategy and Finance (formerly MOFE) released its adjusted tariffs and temporary tariff rate quotas (TRQ) for the second half of 2009 (Jul-Dec). These TRQs cover a variety of agricultural products, including feed and processing corn. The TRQs are expanded as necessary to make sure there is more than ample room for imported corn within the set quota volume.

The six month temporary TRQ for feed corn was set at 4.5 million metric tons, with a zero percent duty. Similarly, the temporary TRQ for processing corn was fixed at 970,000 metric tons, with a duty of one percent. The out-of-quota duty for both feed and processing corn remains fixed at 328 percent.

Korea: Import Tariff Rate for the Second Half of CY 2009					
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 On Annual basis	1.8	4,500,000MT	0	328	1.8	328
Processing Corn 1005.90.9000		3	970,000 MT	1	328	3	328
Pop Corn 1005.90.2000		1.8	7,500 On annual basis	1.8	630	1.8	630

Source: Korea Customs Service (KCS)

Corn PSD

Corn Korea, Republic of	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Area Harvested	17	17	17	18	18	18	18	18	18
Beginning Stocks	1,322	1,352	1,322	2,084	2,112	2,077	1,578	1,605	1,506
Production	84	84	84	94	93	93	87	87	85
MY Imports	9,311	9,309	9,309	7,000	7,500	7,212	7,500	8,000	7,600
TY Imports	9,311	9,309	9,309	7,000	7,500	7,212	7,500	8,000	7,600
TY Imp. from U.S.	8,381	8,336	8,336	0	6,500	5,804	0	6,500	5,000
Total Supply	10,717	10,745	10,715	9,178	9,705	9,382	9,165	9,692	9,191
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	7,046	7,046	7,046	6,100	6,600	6,368	6,000	6,500	6,000
FSI Consumption	1,587	1,587	1,592	1,500	1,500	1,508	1,600	1,600	1,700
Total Consumption	8,633	8,633	8,638	7,600	8,100	7,876	7,600	8,100	7,700
Ending Stocks	2,084	2,112	2,077	1,578	1,605	1,506	1,565	1,592	1,491
Total Distribution	10,717	10,745	10,715	9,178	9,705	9,382	9,165	9,692	9,191
Yield	5.	5.	4.9412	5.	5.	5.1667	5.	5.	4.7222
TS=TD			0			0			0

Corn Import Trade Matrix

Import Trade Matrix

Country Korea, Republic of

Commodit Corn

Time Period	Oct/Sept	Units:	1,000 MT
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 Liste	12		133
Grand Total	9309		7212

Korea: Feed Ingredients Use for MY2007-MY2008
(1,000 MT)

INGREDIENT	MY2007/2008			MY2008/2009		
	TOTAL	DOM 1/	%	TOTAL	DOM 1/	%
GRAINS						
CORN	7,046	2	43.2	6,368	0	39.0
SORGHUM	9	0	0.1	0	0	0
WHEAT	412	9	2.5	1,416	3	8.7
BARLEY	89	81	0.5	27	5	0.2

RYE	0	0	0	0	0	0
OATS	2	0	0	2	0	0.0
GSP/BROKEN GRAIN	66	66	0.4	41	41	0.3
TAPIOCA	477	0	2.9	486	0	3.0
LUPIN SEED	23	2	0.1	90	24	0.6
OTHERS	146	132	0.9	142	114	0.9
SUB TOTAL	**8,270**	**292**	**50.7**	**8,572**	**187**	**52.5**
GRAIN BY-PRODUCTS						
WHEAT BRAN	786	418	4.8	686	393	4.2
RICE BRAN	197	196	1.2	160	160	1.0
BARLEY BRAN	0	0	0	0	0	0
CORN BRAN	0	0	0	0	0	0
GLUTEN FEED	611	393	3.7	648	373	4.0
OTHERS	268	211	1.6	253	189	1.5
SUB TOTAL	**1,862**	**1,218**	**11.4**	**1,747**	**1,115**	**10.7**
ANIMAL PROTEIN						
FISH MEAL	31	24	0.2	28	20	0.2
MEAT & BONE MEAL	19	19	0.1	18	18	0.1
OTHERS	88	85	0.5	84	83	0.5
SUB TOTAL	**138**	**128**	**0.8**	**130**	**121**	**0.8**
VEGETABLE PROTEIN						
SOYBEAN MEAL	2,292	621	14.1	2,271	539	13.9
RAPESEED MEAL	362	2	2.2	386	1	2.4
SESAMESEED MEAL	16	16	0.1	17	17	0.1
PERILLA SEED MEAL	7	7	0	6	6	0.0
CORN GLUTEN MEAL	81	74	0.5	79	67	0.5
COTTONSEED MEAL	19	2	0.1	8	1	0.0
PARM KERNEL MEAL	446	7	2.7	502	8	3.1
COPRA MEAL	490	3	3	389	1	2.4
OTHERS 2/	614	321	3.8	532	275	3.3
SUB TOTAL	**4,327**	**1,053**	**26.5**	**4,190**	**915**	**25.7**
ADDITIVES/MINERALS						
CALCIUM PHOSPHATE	96	79	0.6	84	68	0.5
LIMESTONE	380	380	2.3	399	399	2.4
SALT	58	58	0.4	58	58	0.4
OTHER	199	196	1.2	206	201	1.3
SUB TOTAL	**733**	**713**	4.5	**747**	**726**	**4.6**
OTHER INGREDIENTS						
TALLOW	343	306	2.1	364	321	2.2
MOLASSES	446	295	2.7	423	358	2.6
UREA	1	1	0	1	1	0.0
OTHER	179	170	1.1	160	151	1.0
SUB TOTAL	**969**	**772**	**5.9**	948	831	5.8
GRAND TOTAL	**16,299**	**4,176**	**100**	**16,334**	**3,895**	**100.0**

Source: Korea Feed Association (KFA)

1/ Domestic Products

2/ Includes DDGS

Korea: Animal Inventory (1,000 Head, 1,000 Birds)					
Animal	Year	March	June	September	December
Beef Cattle	2005	1,654	1,757	1,825	1,819
	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	2,645	2,612c/
	2010	na	na	na	2,754d/
Dairy Cattle	2005	497	491	485	479
	2006	482	471	468	464
	2007	461	456	455	453
	2008	451	445	445	446
	2009	444	439	438	437c/
	2010	na	na	na	435d/
Swine f/	2005	8,838	8,786	8,993	8,962
	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	9,128	9,104c/
	2010	na	na	na	9,014d/
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	60,020	58,100c/
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	55,300
	2009	68,690	99,980	59,000	na

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.

RICE

Production:

In September, the Korea National Statistical Office (KNSO) conducted a nationwide survey of 3,359 standard rice fields to gauge domestic rice production for 2009. Preliminary survey results released by the KNSO showed minimal declines in planted acreage and lower yields compared to last year. KNSO will release its final production estimate in mid November shortly after the rice harvest is completed.

Based on these preliminary survey results, we have revised the 2009 rice production estimate slightly to 4.68 million metric tons.

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 c/	925	506	4,682

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/ Preliminary based on September 15 national crop survey conducted by KSNO.

The government subsidizes domestic rice production through direct payments. There are two types of payments. The first is an area payment based on farm size. The second is a price support payment. Total support payments were nearly 0.7 trillion won last year. Additional information on these support payments is available in the May 2009 Grain and Feed Report KS9019.

In October 2008, a scandal erupted over illicit rice subsidy payments to non-farmers. An investigation ensued and several government officials later resigned over allegations of having unlawfully received payments. In March 2009, the government revised the Rice Income Compensation Act (RICA) by tightening the qualifications for receiving support payment. These tighter qualifications, which became effective in June 2009, are expected to reduce the total area payment by 10 percent from the previous year.

Korea: Direct Payment Program for Rice Income Compensation							
Year	Area Payment (A)			Deficiency Payment (B)			Total (Billion Won) (A)+(B)
	Area (1,000 HA)[1/]	Payment (Won/HA)	Total (Billion Won)	Production (1,000 MT)[2/]	Payment (Won/Kg)	Total (Billion Won)	
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	na	700,000	na	na	na	na	na

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.

In addition to the above mentioned support payments, the government also purchases rice for price stabilization purposes. Between October and December 2009, the Korean government plans to purchase 370,000 metric tons (milled basis) as part of the Public Storage System for Emergencies (PSSE), which represents 8 percent of the projected 2009 rice crop.

Under this support program, the government purchases the rice at the current market price averaged during October – December and later sells it during non-harvest periods at the new market price.

Korea: Government Rice Purchases

Crop Year	Production (1,000 MT)	PSSE Purchase(1,000 MT)	%
2005	4,768	719	15
2006	4,680	504	11
2007	4,408	417	9
2008	4,843	400	8
2009	4,682	370a/	8

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

a/ Plan

The Korean rice industry is struggling to cope with sagging table rice prices resulting from current excess supply in the market. In an effort to address the situation, the Korean government announced that it would expand its annual loan program to 1 trillion won to spur additional non-government purchases of paddy rice.

Meanwhile, the National Agricultural Cooperative Federation (NACF), which is the second largest independent holder of rice stocks, announced that it would be increasing the size of its annual loan program for the rice milling industry to 1.4 trillion won. NACF's planned purchases for 2009 are forecast at 1.7 million metric tons.

These combined loan programs will finance upwards of 2.81 million metric tons of rice, up 14 percent from the previous year (Note: This amount includes the PSSE). Both of these loan programs will help stabilize the farm gate price of rice thereby reducing farmers' anxiety over declining farm income.

In addition, the government has embarked on a campaign to increase the consumption of processed rice foods. As a first step, MIFAFF announced that it would slash the price of 230,000 metric tons of government-held domestic rice ('05 crop) for processing by 30 percent from 1,500 w/kg to 1,000 w/kg. This older processing rice will replace wheat flour in traditional dishes such as soybean paste and red pepper paste.

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	1,517	31
2009	4,682	1,720 b/	37

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

a/ exclude independent RPC purchases

b/ Plan

Korea: Rice Utilization Pattern (1,000 MT, milled)				
Rice Year (Nov.- Oct.)	MY 2006/07	MY 2007/08 a/	MY 2008/09 b/	MY 2009/10 c/
Table Rice	3,789	3,755	3,704	3,660
Processing	424	582	541	550
(for food)	(222)	(436)	(441)	(450)
(for liquor)	(202)	(146)	(100)	(100)
Seed	41	40	40	40
Other, including loss	633	293	687	500
Total Demand	**4,887**	**4,670**	**4,972**	**4,750**
Per Capita Table Rice Consumption (Kg)	76.9	75.8	74.4	73.2

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

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

Imports:

Korea imports rice as part of its WTO Minimum Market Access (MMA) commitment. Under the agreement, the United States, China, Thailand and Australia were each allocated fixed country specific quotas (CSQs). There are also several global quota allocations, which are generally limited to different brown rice varieties, short, medium, and long.

The MMA tendering process has historically started late in the year with deliveries scheduled through the first half of the coming year. The 2009 MMA tendering process is currently underway with deliveries scheduled up until June of next year. However, the intent of the MMA agreement was that these import commitments would be completed within the corresponding calendar year.

MY 2009/10 rice imports are conservatively forecast at 300,000 metric tons.   The import estimate for U.S. rice for MY 2009/10 is 80,000 metric tons, which could climb slightly higher depending on how the Australian CSQ is redistributed under the global quota. Australia has not been able to fill its CSQ for the third straight year due to limited exportable supplies.

2009 MMA Tendering Process

The state trading arm of the Korean government, the Korea Agro-Fishery Trade Corporation (aT), has purchased 82,000 metric tons (milled), or about 27 percent of the entire 2009 MMA import commitments.

To date, the United States has been awarded several contracts for brown rice totaling 31,270 metric tons at price ranging from $723-790 per metric ton (CIP, container). In addition, one contract for 21,384 metric tons of U.S. #1 was made for $862 per metric ton (CFR, container). The remaining contracts for U.S. rice are forthcoming. Of note, U.S. prices are down more than 30 percent from last year. See tender results in Appendix for additional details.

Korea: MMA Rice Allocations
(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	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	101,736	205,228	50,076	116,159	29,963	9,030

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF) and 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 under drought conditions.

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.

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 plan	**23,760**	**49,462**	**3,078**	**3,510**	**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.

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 plan	**26,316**	**66,697**	**26,885**	**5,520**	**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

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 plan	**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: Status of Rice Auction for Table Rice CSQ **(Unit: metric tons, milled basis, as of October 22, 2009)**					
Commodity	USDA Grade	Total Table Rice	Auctioned Off	Balance	Rate of Auctioned

		CSQ			Off
U.S. Medium Grain	#1	15,191	9,007	6,184	59.3%
	#3	3,798	972	2,826	25.6%
Chinese Short Grain	#1	23,575	11,114	12,461	47%
	#3	15,717	0	15,717	0%
Chinese Medium Grain	#1	2,774	157	2,617	6%
Thai Long Grain	#1	2,000	2,000	0	100%
Total		63,055	23,250	39,805	37%

Source: Korea Agro-Fishery Trade Corporation (aT)

a/ include damaged cargo

b/ Non-Delivery

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-October (2008 MMA)	1,212	1,113	1,181 (1,100)	na	1,329	1,945	1,877

Source: Korea Agro-Fishery Trade Corporation (aT)

Stocks:

MY 2009/10 ending stocks are forecast to increase to 1.1 million metric tons because of two consecutive bumper crops and limited consumption for food use. Imported rice stocks for 2009/10 are expected to remain unchanged 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.)	2004/05	2005/06	2006/07	2007/08	2008/09 a/	2009/10 b/
Total	817	815	702	694	825	1,057
Government Stock	641	705	596	608	700	700
-Domestic Rice	113	493	456	510	600	600
-Imported Rice	528	212	140	98	100	100
Civil Stock	176	110	106	86	125	357

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

a/ MIFAFF Preliminary

b/ FAS/Seoul forecast

Rice PSD

Rice, Milled Korea, Republic of	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009		
	USDA Official Data		Old Post Data	USDA Official Data		Old Post Data	USDA Official Data		Jan Data
Area Harvested	950	950	950	936	936	936	924	929	925
Beginning Stocks	702	702	702	694	694	694	810	810	825
Milled Production	4,408	4,408	4,408	4,843	4,843	4,843	4,500	4,500	4,682
Rough Production	5,962	5,962	5,962	6,545	6,545	6,545	6,081	6,081	6,327
Milling Rate (.9999)	7,393	7,393	7,393	7,400	7,400	7,400	7,400	7,400	7,400
MY Imports	254	254	254	280	280	262	300	300	300
TY Imports	282	282	282	290	290	260	300	300	300
TY Imp. from U.S.	97	77	77	0	70	70	0	70	80
Total Supply	5,364	5,364	5,364	5,817	5,817	5,799	5,610	5,610	5,807
MY Exports	0	0	0	0	0	2	0	0	0
TY Exports	0	0	0	0	0	2	0	0	0
Total Consumption	4,670	4,670	4,670	5,007	5,007	4,972	4,750	4,750	4,750
Ending Stocks	694	694	694	810	810	825	860	860	1,057
Total Distribution	5,364	5,364	5,364	5,817	5,817	5,799	5,610	5,610	5,807
Yield (Rough)	6.	6.	6.2758	7.	7.	6.9925	7.	7.	6.84
TS=TD			0			0			0

Appendix

As of 10/26/09

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	SG #3	18,000 (**20,000**)	By 1/31/10 Kunsan		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	9/30/2009 10/16/09	SG #3	22,119 (**24,577**)	By 2/28/2010 Inchon (10,000) Ulsan (14,577)			

		MG #3 **(10/8/09)**	5,400 (**6,000**)	By 2/28/2010 Busan in container	789.90 CIP From LG/FRC USA		
3	10/7/2009 10/28/2009	SG #1	**29,682**	By 6/30/2010 Pyeongtaek	China	Milled	CSQ
		MG #1 (10/16/09)	**21,384**	By 7/31/2010 Busan	862.27 CFR from SS/Connell USA		
		LG #1	**2,988**	By 3/31/2010 Busan	Thailand		
		MG #1	**1,764**	By 3/31/2010 Busan	Australia		
		MG #3	**1,746**	By 3/31/2010 Busan			
5	10/28/2009	SG #3	**19,780**	By 10/31/2010 Pyeongtaek	China		
		MG #3	**2,376**	By 9/30/2010 Busan	USA		
		LG #1 Jasmin Rice	**90**	By 2/28/2010 Busan	Thailand		
4	10/21/2009	**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	1,000 (**1,111**)	By 3/31/2010 Inchon			
6	11/11/2009	SG #3	13,500 (**15,000**)	By 4/30/2010 Donghae	China	Brown	CSQ
		SG #3	9,000 (**10,000**)	By 4/30/2010 Mokpo	China		
		MG #3	13,500 (15,000)	By 4/30/2010 Donghae	USA		
		LG #3	13,500 (**15,000**)	By 4/30/2010 Kunsan	Thailand		

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

Korea: Allocation of the MMA for 2005-2014

(MT, Milled rice)

Calendar	Total	Global	Country Specific Quota (CSQs)

Year		Quota	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	101,736	205,228	50,076	116,159	29,963	9,030
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.

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	63,055	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)

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	83,487	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	56,179	127,351	33,015	0	0	9,030
2006	245,922	63,101	145,343	37,478	0	0	0
2007	266,270	71,719	148,511	46,040a/	0	0	0
2008	286,617	69,610	151,285	65,722	0	0	0
Total	2,178,793	431,609	1,322,324	335,255	51,307	9,000	29,298

Source: FAS/Seoul

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

Korea: Foreign Exchange Rate

(Korean Won against US$)

Month	2008	2009
January	941	1,345
February	944	1,430
March	979	1,458
April	985	1,336
May	1,033	1,254
June	1,030	1,258
July	1,016	1,262
August	1,042	1,237
September	1,130	1,215
October	1,322	1,165
November	1,385	Na
December	1,374	Na
Average	1,098	Na