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Korea - Republic of

Oilseeds and Products Annual

2017 Annual Report

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Report Highlights:

Soy is the most important component of the oilseed complex in Korea. Soybean consumption in Korea in MY 2017/18 is forecast to remain relatively unchanged from the current marketing year, at 1.39 million MT (MMT). Production and imports of soybeans are also anticipated to remain steady, corresponding with unchanging consumer demand. Soybean meal production is also forecast to remain steady around 0.8MMT, similar to the quantity achieved in MY 2016/17. Production numbers have remained constant due in a large part to the fact that the two crushing operations in Korea have continued to crush soybeans rather than other oilseeds, due to continued competitive prices for soybeans. Soybean meal consumption is also expected to remain steady in both MY 2016/17 and MY 2017/18. While Korea has been affected by animal diseases in MY2016/17, including Foot-and-Mouth

Disease (FMD) and Highly Pathogenic Avian Influenza (HPAI), feed consumption is expected to be minimally impacted: swine production increased, offsetting losses in the poultry sector.

Commodities:

Oilseed, Soybean

Production:

Soybeans accounted for approximately 58 percent of Korea’s total oilseed production in MY 2015/16, followed by perilla (29 percent), sesame (seven percent) and peanuts (seven percent) (Table 3). Korea also produces a small amount of rapeseed. However, the Korean government has not released rapeseed production numbers since CY 2010.

The Korean Rural Economic Institute (KREI) conducted a nationwide survey on December 19-23, 2016 asking the planting intentions of soybean farmers. According to the survey results, MY 2017/18 soybean area is forecast to increase to 66,822 hectares, up 1,843 hectares (2.8 percent) from KREI estimates of harvested area in the previous year (Table 2). This increase is due to domestic rice area reduction programs that encourage rice farmers to cultivate soybeans in their paddy land. Using the KREI survey results as a benchmark, Post is forecasting that soybean production for MY 2017/18 will increase by 54 percent from KOSTAT official data in the previous year, or nine percent from KREI’s previous year estimate, on a five-year average yield. Yields are expected to rebound from last year’s low yield, which had been caused by drought.

In MY 2016/17, KOSTAT announced that soybean production decreased to 75,448 metric tons (MT), down 28,056 MT (27 percent) from the previous year. This decrease was due mainly to declining soybean acreage coupled with lower yields, caused by droughts in the growing period in tandem with heavy rains for the harvest season (Table 1).

In CY2017, government purchases of the 2016 soybean crop were approximately 2,058 MT (Table 4), reaching only about eight percent of the purchasing target of 25,000 MT. The government had difficulty competing for soybean purchases as farmers opted to sell their beans through the commercial markets rather than through the government purchase program. Bullish prices in the commercial soybean wholesale market (caused by smaller production numbers) have strongly contributed to this trend (Table 5).

Table 1

Korea: Soybean Production			
Crop Year	Area (ha)	Yield (Kg/ha)	Production (MT)
2010	71,422	1,475	105,345
2011	77,849	1,662	129,394
2012	80,842	1,516	122,519
2013	80,031	1,925	154,067

2014	74,652	1,866	139,267
2015	56,666	1,830	103,504
2015 c/	67,760	1,830	124,001
2016	49,014	1,540	75,448
2016 c/	64,979	1,640	106,566
2017(f)1/	66,822 ^{a/}	1,740 ^{b/}	116,000

Source: Statistics Korea (KOSTAT); Ministry for Agriculture, Food, and Rural Affairs (MAFRA)

1/ FAS Seoul forecast based on KREI analysis.

a/ Based on KREI telephone survey for December 19-23, 2016

b/ Based on previous five-year average

c/ KREI analysis which differed from KOSTAT official data

Table 2

Korea: 2017 Soybean Planting Intentions			
Crop Year	Upland (ha)	Paddy Land (ha)	Total (ha)
2015	NA	NA	67,760
2016 (A)	54,788	10,190	64,979
2017 (B)	56,178	10,645	66,822
Growth Rate (%) (B/A)	+2.5	+4.5	+2.8

Source: Korea Rural Economic Institute (KREI)

Note: Based on KREI telephone survey for December 19-23, 2016

Table 3

Korea: Oilseed Area and Production (Hectares and Metric tons)						
Crops	MY 2014		MY 2015		MY 2016	
	Area	Production	Area	Production	Area	Production
Soybean	74,652	139,267	56,666	103,504	49,014	75,448
Peanuts ^{1/}	4,565	12,402	4,589	11,651	NA ^{2/}	NA ^{2/}
Sesame	28,370	12,158	25,139	11,678	27,170	13,575
Perilla	37,461	43,260	42,570	50,932	NA ^{2/}	NA ^{2/}
Total	145,048	207,087	128,964	177,765	NA ^{2/}	NA ^{2/}

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA) and KOSTAT

Notes:

1/ In-shell

2/ Data should be available May 2017

Table 4

Korea: Government Purchases of Soybeans					
Calendar Year	Grown in rice paddy area		Grown in upland area		Total Purchase (MT)
	Price (KRW/Kg) ^{1/}	Quantity (MT)	Price (KRW/Kg) ^{1/}	Quantity (MT)	
2009	3,168	509	3,168	763	1,272
2010	3,168	0	3,168	0	0
2011	3,168	0	3,168	0	0

2012	3,618	0	3,618	0	0
2013	3,868	1,373	3,868	7,571	8,944
2014	3,868	na	3,868	na	9,409
2015	3,868	na	3,868	na	11,424
2016	3,868	na	3,868	na	2,058

Source: Korea Agro-Fishery & Food Trade Corporation (aT); National Agricultural Cooperative Federation (NACF)
1/ Price based on No. 1 grade of large-sized kernel

Table 5

Korea: Wholesale Prices of Domestic Soybeans (High Quality, Korean Won per Kg)												
Month	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
2011	7,027	7,121	7,185	7,250	7,244	7,163	7,080	6,971	6,855	6,145	5,581	5,320
2012	5,177	5,229	5,254	5,436	5,548	5,580	5,583	5,583	5,583	5,647	5,961	6,155
2013	6,229	6,311	6,314	6,314	6,333	6,326	6,338	6,286	6,286	5,885	5,193	4,594
2014	4,435	4,142	4,057	4,057	4,057	4,057	4,057	4,057	4,057	3,931	3,997	3,973
2015	3,977	4,000	3,888	3,886	3,929	3,971	3,971	3,946	3,914	3,952	4,165	4,225
2016	4,255	4,273	4,286	4,286	4,286	4,286	4,316	4,343	4,344	4,343	4,861	5,299
2017	5,086	5,003	NA									

Source: Korea Agro-Fishery & Food Trade Corporation (aT)
Applicable Exchange Rate (Korean Won per USD): 1,158 on average in 2016

Consumption:

Soybeans account for the majority of oilseed consumption. Total domestic consumption in MY 2017/18 is forecast to stay around 1.39 million MT (MMT), remaining unchanged from the current marketing year's estimate, amid stagnant domestic production and flat consumer demand. Of this total, 1.0 MMT will be used for crush, 350,000 MT will be used for domestic food use in products like tofu, soymilk and soy sauce, and the remaining 40,000 MT will be consumed as domestic feed and waste. All domestic production goes to food use. Future growth in overall soybean consumption is expected to be minimal. Consumption for crushing will be constant at the level of 1.0 MMT if CJ Corporation, a leading Korean soybean crusher, continues soybean crushing in their flexible crushing facilities, which are converted depending on the comparison of crushing margins between rapeseed and soybeans.

In MY 2016/17, soybean consumption is expected to stay around 1.39 MMT, due to lower consumption of soybeans as food caused by declining domestic soybean production and higher prices. This total consists of 1.04 MMT for crushing, 300,000 MT for food and 35,000 MT for feed and waste.

In MY 2015/16, because of a greater crushing margin, Korean crushers increased soybean crushing to 1,040,580 MT, up two percent from the previous year. The bearish trend in international soybean prices led to the increase of locally processed soybean for soybean meal for feed. Total soybean consumption decreased to 1.38 MMT, down 56,000 MT or four percent from the previous year due to lower production of domestic soybeans and steady consumer demand.

Table 6

Korea: Soybean Consumption for Crushing (Metric Ton)			
Month	MY 14/15	MY 15/16	MY 16/17
October	77,250	72,600	67,000
November	72,500	81,150	89,000
December	76,250	87,830	90,000
January	87,900	89,000	Na
February	83,600	84,000	Na
March	87,800	88,000	Na
April	87,100	86,000	Na
May	87,450	90,000	Na
June	89,900	90,000	Na
July	87,850	93,000	Na
August	92,800	88,000	Na
September	87,000	87,000	Na
Total	1,017,400	1,040,580	Na

Source: Korea Soybean Processing Association

Table 7

Korea: Distribution of Imported Soybeans for Food Manufacturing by the Korea Agro Fisheries & Food Trade Corp (aT) (Calendar Year, Metric Ton)			
Item\Year	CY 2014	CY 2015	CY 2016
Soybean Curd	117,393	103,720	102,112
Soy Paste	39,460	33,225	33,730
Soy Paste/Soy Flour	6,112	4,062	4,650
Soy Milk	27,923	25,550	26,553
Soy Sprout	29,201	28,173	25,077
Others 1/	224	225	224
Sub. Total	220,389	194,955	192,346
By product 2/	37,119	36,306	44,629
Total (A)	257,429	231,261	236,975
TRQ Allocation to End-Users Direct Commercial Purchases			
Soybean Curd	8,000		
Soymilk	0		
Soy-Paste/Red Pepper	2,000	2,253	2,560

Soy Sprout	10,000	8,920	9,980
Total (B)	20,000	11,173	12,540
Soy-sauce/protein (after crushing) (C)	6,800	2,580	-
Grand Total (A+B+C)	284,232	245,014	249,515

Source: Korea Agro-Fishery & Food Trade Corporation (aT)

Note: Quantity is on the basis of cleaned soybeans.

1/ Government, military employees and others

2/ Feed

Trade:

Soybeans accounted for more than 82 percent of total oilseed imports, of which approximately 80 percent were used for crushing in the latest marketing year. Due to constant demand for imported soybeans, MY 2017/18 soybean imports are forecast to remain unchanged from the current marketing year estimate of 1.3 MMT. MY 2016/17 soybean imports are expected to increase four percent from the previous year due to an anticipated greater demand for crushing purposes as bearish import prices have been supportive of the crushing margin.

In MY 2015/16, total soybean imports were 1.37 MMT on customs cleared basis, consisting of 1.0 MMT used for crushing and 374,000 MT used for food processing. In CY 2015, Korea Customs Service (KCS) investigated importers of food grade soybeans who were suspected of price manipulation. This resulted in some soybeans that had been imported prior to October 2015 being entered into the import records in December 2015, on the basis of customs clearance. FAS/Seoul adjusted the imports of food-grade soybeans to 248,664 MT from 373,508 MT on the customs clearance basis in order to balance actual supply and demand, reflecting the adjusted numbers of imports into PS&D (Table 8).

Crushing

Imports of crushing soybeans in MY 2017/18 are forecast to remain unchanged from the current marketing year's estimate of 1.0 MMT based on crushers' continued preference for processing soybeans rather than rapeseed.

Imports during the first three months of MY 2016/2017 (Oct-Dec) reached slightly less than 280,000 MT, with an additional 495,000 MT contracted for delivery during Jan - Jun 2017 (Table 11). Though soybean imports for crushing during the first quarter of MY 2016/17 were up 18 percent when compared to the same period of MY 2015/16, crushers are expected to import a level similar to the previous year to meet increased demand for locally processed soybean meal for animal feed (Table 9).

The CY 2017 autonomous crushing soybean quota (a voluntary quantity above the World Trade Organization (WTO) quota) is 1.5 MMT with an adjustable in-quota tariff, which was cut from three percent to zero (Table 18). Under the KORUS FTA, the duty on U.S. soybeans for crushing fell to zero immediately as of March 15, 2012. In MY 2015/16, the majority of crushing beans came from Brazil (57%), followed by the United States (29%) and Paraguay (14%) (Table 10).

Table 8

Korea: Total Soybean Imports (Unit: MT)
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Marketing Year (Oct/Sep)	Crushing Soybean	Food Grade Soybean	Total
2008/09	893,445	273,465	1,166,910
2009/10	924,491	272,733	1,197,224
2010/11	934,281	304,647	1,238,928
2011/12	786,654	352,335	1,138,989
2012/13	811,886	299,659	1,111,545
2013/14	930,277	340,559	1,270,836
2014/15 ^{a/}	1,005,645	240,127	1,245,772
2014/15	1,005,645	115,284	1,120,928
2015/16 ^{b/}	1,000,661	248,664	1,249,325
2015/16	1,000,661	373,508	1,374,169

Source: Korea Customs Service (KCS)

a/ FAS Seoul adjusted imports of food-grade soybeans to 240,127 MT from 115,284 MT based on customs clearance because Korea Customs Service reported cumulative numbers of food-grade soybeans imports in December 2015.

b/ FAS Seoul adjusted the imports of food-grade soybeans to 246,733MT from 373,508 MT which included cumulative numbers of food-grade soybeans imports in December 2015.

Table 9

Korea: Soybean Imports for Oct.-Dec. by Origin (Unit: MT)					
Soybean for Crushing (HS1201.90.1000)					
MY2016/17	USA	Brazil	China	Others	Total
Oct. 2016	20,492	30,372	0	27,858	78,722
Nov	84,060	50,672	0	142	134,874
Dec	57,847	6,931	0	0	64,778
Subtotal	162,399	87,975	0	28,000	278,374
MY2015/16a/	57,600	178,118	0	21	235,739
Soybean for Sprouting (HS1201.90.3000)					
MY2016/17	USA	Brazil	China	Others	Total
Oct. 2016	100	0	520	0	620
Nov	0	0	6,003	0	6,003
Dec	1190	0	4,235	805	6,230
Subtotal	100	0	10,758	805	12,853
MY2015/16a/	140	0	1,440	282	1,862
Soybean for Food Processing (HS1201.90.9000)					
MY2016/17	USA	Brazil	China	Others	Total
Oct. 2016	74,935	0	526	5,833	81,294
Nov	5,744	0	1,846	602	8,192
Dec	3,034	0	2,236	842	6,112
Subtotal	83,713	0	4,608	7,277	95,598
MY2015/16a/	60,766 ^{b/}	1,080	467	8,974	71,286 ^{b/}
Soybeans Total					
MY2016/17	USA	Brazil	China	Others	Total
Oct. 2016	95,527	30,372	1,046	33,691	160,636

Nov	89,804	50,672	7,849	744	149,069
Dec	62,071	6,931	6,471	1,647	77,120
Subtotal	246,212	87,975	15,366	36,082	386,825
MY2015/16a/	118,505 ^{b/}	179,198	1,907	9,277	308,887 ^{b/}

Source: Korea Customs Service (KCS)

a/ October – December 2015

b/ FAS Seoul's statistical adjustment to minimize difference between actual consumption and customs clearance for food grade soybeans in MY 2015/16.

Table 10

Korea: Crushing Soybean Imports by Origin (Unit: MT)					
Marketing Year (Oct/Sep)	USA	Brazil	Paraguay	Others	Total
2007/08	374,940	552,887	20	0	927,847
2008/09	327,900	565,545	0	0	893,445
2009/10	492,776	431,715	0	0	924,491
2010/11	485,109	405,551	43,621	0	934,281
2011/12	173,447	418,292	194,915	0	786,654
2012/13	374,167	384,262	53,461	0	811,886
2013/14	372,504	455,920	101,853	0	930,277
2014/15	326,169	628,209	51,025	200	1,005,603
2015/16	291,894	573,836	134,769	120	1,000,661

Source: Korea Customs Service (KCS)

a/ Paraguay

Table 11

Korea: Soybean Contracts for Crushing under MY 2016/17 Arrival by Origin (Unit: 1,000 MT, as of January 2017)					
Estimated Time of Arrival	USA	Brazil	Optional	Others	Total
Oct. 2016	55	0	0	0	55
Nov	110	0	0	0	110
Dec	55	0	0	0	55
Jan. 2017	55	0	0	0	55
Feb	55	0	0	0	55
Mar	55	55	0	0	110
Apr	0	110	0	0	110
May	0	55	0	0	55
Jun	0	55	0	0	55
Jul	0	55	0	0	55
Total	385	330	0	0	715

Source: Local Traders

Food Use

The Korea Agro-Fishery and Food Trade Corporation (aT), the government’s state trading arm, controls the bulk of marketing of non-GMO food-grade soybeans for food processing under its autonomous WTO Tariff Rate Quota (TRQ). aT distributes soybeans to end-users and charges a mark-up for margins that support domestic crop production in addition to some costs of handling and cleaning, which involves removing any foreign material and broken soybeans upon arrival.

Under its CY 2018 anticipated WTO TRQ-based procurement plan, aT purchased 170,000 MT of soybeans on basis trading contracts at the end of CY 2016, with delivery planned during the first half of CY 2018. Accordingly, in MY 2017/18 imports of food-grade soybeans are forecast to be 300,000 MT, under autonomous WTO TRQ and FTA TRQs, with the majority coming from the United States followed by China, Canada, Brazil and Australia. The United States is expected to retain 70 percent – 80 percent of the import market for food-use soybeans. The gains under the KORUS FTA have further strengthened the U.S. position. U.S. food-grade soybeans are primarily used in products like tofu, soybean paste/sauce and soymilk, while China mainly supplies soybeans for sprouting.

Despite the fact that the government hasn’t announced its CY 2017 autonomous WTO TRQ yet, the volume of WTO TRQ is estimated in the range between 230,000 and 250,000 MT. aT expects the government to release the TRQ in early March 2017, anticipating 83 percent for food processing, 12 percent for sprouting and five percent for import license for end-users who can contract with soybean suppliers directly. In late CY 2015, aT had already purchased 170,000 MT on basis trading contracts from the United States for delivery during the first half of CY 2017. The remainder will likely be purchased off the spot market sometime in CY 2017, with delivery during the second half the year. Korea is expected to import a total of about 47,968 MT under FTA TRQs from the United States (27,318 MT), China (10,000 MT), Australia (650 MT) and Canada (10,000 MT), that is, those countries who have FTA TRQ agreements with Korea. Therefore, total imports of food-grade soybeans will be around 300,000 MT in CY 2017.

In CY 2016, Korea imported 283,962 MT of food-grade soybeans, consisting of 247,207 MT of yellow soybeans and 36,775 MT of soybeans for sprouting, under a combination of the autonomous WTO TRQ and FTA TRQs. Under the autonomous WTO TRQ, the state trading company imported 236,975 MT and end-users with import licenses imported 12,540 MT, respectively (Table 7). Under FTA TRQs, Korea imported 43,875 MT, consisting of 26,510 MT from the United States, 588 MT from Australia, 4,774 MT from Canada and 9,300 MT from China, respectively (Table 16).

In CY 2016, aT distributed about 167,269 MT of imported food-quality soybeans (excluding soy by-products and sprouts) at an average price of 1,020 Korean Won/KG (or 880 USD/MT, using the applicable exchange rate of 1,158 Korean Won per USD on average in 2016). This price was raised to 1,100 Korean Won/KG (or 949 USD/MT) as of October 17, 2016, after Korean soybean farmers groups and NGOs complained that the government selling price of imported soybeans was much cheaper than the price of domestically grown soybeans. During this period, the average price of imported soybeans for food processing was 570 USD/MT (CIF). Based on these figures, aT made an estimated margin of 54 million USD by selling imported food-grade soybeans to end-users.

Table 12

<p>Korea: Food-Grade Soybean Imports by Origin (Unit: MT)</p>

Marketing Year (Oct/Sep)	USA	Brazil	China	Others	Total
2007/08	60,311	15,890	218,905	227	295,333
2008/09	58,233	4,500	210,728	4	273,465
2009/10	215,932	4,000	47,546	5,255	272,733
2010/11	216,984	35	80,162	7,466	304,647
2011/12	225,084	5,300	109,726	12,225	352,335
2012/13	192,728	1,702	83,449	21,780	299,659
2013/14	247,832	0	80,307	12,420 ^{a/}	340,559
2014/15 ^{c/}	195,737	2,500	33,822	8,068 ^{b/}	240,127
2014/15	70,894	2,500	33,822	8,068 ^{b/}	115,284
2015/16 ^{d/}	199,185	1,091	20,371	28,017 ^{e/}	248,664
2015/16	324,029	1,091	20,371	28,017 ^{e/}	373,508

Source: Korea Customs Service (KCS)

a/ Canada (7,584) and Australia (4,836)

b/ Canada (6,848) and Australia (1,220)

c/ FAS Seoul adjusted imports of food-grade soybeans to 195,737 MT from 70,894 MT based on customs clearance because Korea Customs Service reported cumulative numbers of food-grade soybeans imported from the United States in December 2015.

d/ FAS Seoul adjusted imports of food-grade soybeans to 199,185 MT from 324,029 MT to include cumulative numbers of food-grade soybeans imported from the United States in December 2015.

e/ Canada (24,901), Australia (1,931) and others (1,185)

Tariffs

The government is expected to announce the 2017 autonomous WTO TRQ in early March 2017, which will be composed of 83 percent for food processing, 12 percent for sprouting and 5 percent for import licenses for end-users. The portion for import licenses will effectively allow end-users or importers to bypass aT and buy from direct sources. The applicable in-quota tariff rate is 5 percent, while the out-of-quota tariff rate is a prohibitive 487 percent, or 956 Korean won (or 0.83 USD) per kg, whichever is greater (Table 18).

Under the KORUS-FTA, Korea has established a zero-duty TRQ for 10,000 MT of food-grade identity-preserved (IP) soybeans in the first year of the agreement in CY 2012, increasing to 20,000 MT in year two and 25,000 MT in year three. For years four and beyond, the TRQ grows three percent annually in perpetuity (Table 13 & 15).

As 2017 represents year six of the agreement, the quota for this year is 27,319 MT. The TRQ is administered by association of food-grade soybean processors, which gives U.S. suppliers direct market access to these processing companies. The KORUS FTA TRQ of 27,319 MT in CY 2017 has already been allocated to soybean processors as shown at Table 14. The TRQ fill rate under the KORUS FTA has reached almost 100 percent in CY 2016, an improvement from 35 percent in CY 2012. In CY 2016, Korean soybean processors successfully imported 26,510 MT, nearly 100 percent of the 26,523 MT of the KORUS FTA TRQ by securing IP food-grade soybeans through farming contracts in advance (Table 14).

When the Korea-Canada FTA went into effect on January 1, 2015, Korea established a duty-free quota for 5,000 MT of food-grade identity-preserved soybeans in the first year, increasing by 2,500 MT

annually up to 15,000 MT in 2019 (the first five years), and then continuing to increase by 400 MT annually up to 17,000 MT in 2024 (the 10th year). For years eleven and beyond, the in-quota quantity will be fixed at 17,000 MT annually (Table 15). In CY 2017, Korea is expected to import 10,000 MT of Canadian IP soybeans under the FTA TRQ. In CY 2016, Korean soybean processors imported 7,477 MT from Canada, 99.7 percent of the 7,500 MT FTA TRQ (Table 16).

Korea set up a duty-free quota for 500 MT of Australian food-grade IP soybeans in 2014 for the first year when the Korea-Australia FTA took effect on December 12, 2014. An annual increment of 50 MT becomes 550 MT in 2015 (the second year), reaching 1,000 MT in 2024 (the eleventh year). The in-quota quantity shall remain fixed at 1,000 MT for years 12 and beyond. In CY 2017, Korea is expected to import 650 MT of Australian IP soybeans under the FTA TRQ. In CY 2016, Korean soybean processors imported 588 MT from Australia, 98 percent of the 600 MT FTA TRQ (Table 16).

Korea established a duty-free quota for 10,000 MT of Chinese food-grade IP soybeans under the Korea-China FTA, effective on December 20, 2015. This quota consists of 7,000 MT for IP soybeans for food processing and 3,000 MT for soybeans for sprouting, in perpetuity. In CY 2016, Korea imported 9,300 MT soybeans from China, 93 percent of the 10,000 MT FTA TRQ (Table 16).

Table 13

Korea: IP Soybeans Quota Allocation under KORUS FTA (Metric Ton)			
Calendar Year	Allocation	Imported	Fill Rate (%)
2012	10,000	3,453	35
2013	20,000	12,046	60
2014	25,000	23,832	95
2015	25,750	25,293	98
2016	26,523	26,510	100
2017	27,319	na	na

Source: Korea Agro-Fishery & Food Trade Corporation (aT)

Table 14

Korea: KORUS FTA IP Soybeans Quota Allocation and Imports per Processor Association (Metric Ton)			
Trade Association of Food Soybeans Processors	CY 2016		CY 2017
	Allocation	Import	Allocation
Korea Federation of Tofu Coop.(KFTC)	7,610	7,597	9,490
Kyung-In/Seoul Soybean Processed Foods Cooperation	1,470	1,470	0
Korea Jang Cooperative	5,200	5,200	5,360
Korea Foods Industry Association	4,050	4,050	3,950
Korea Soybean Foodstuffs Association	1,720	1,720	1,800
Korea Bean Curd Manufacture Coop.	2,490	2,490	2,570
Seoul Kyung In Beancurd Manufacture Cooperation	423	423	360
Korea Beansprout Association	2,860	2,860	3,070
Korea Dhyana Food Industry Cooperative	140	140	149

Seoul Soybean-Processed Foods Cooperative	560	560	540
Korea Beansprout Processing Association	-	-	30
Total	26,523	26,510	27,319

Source: Korea Customs Service (KCS); Korea Agro-Fishery & Food Trade Corporation (aT)

Table 15

Korea: IP Soybeans TRQ Scheme under FTAs (Metric Ton, Calendar Year)											
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
USA	25,000	25,750	26,523	27,319	28,137	28,981	29,851	30,747	31,669	32,619	33,598
Australia	500	550	600	650	700	750	800	850	900	950	1,000
Canada	na	5,000	7,500	10,000	12,500	15,000	15,400	15,800	16,200	16,600	17,000
China	na	na	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	25,500	31,300	44,623	47,969	51,337	54,731	56,051	57,397	58,769	60,169	61,598

Source: FAS/Seoul based on Korea's FTAs

Table 16

Korea: Actual Imports of IP Soybeans by Supplier under FTA TRQ (Metric Ton)					
Calendar Year	2012	2013	2014	2015	2016
USA	4,353	12,046	23,832	25,293	26,510
Australia	na	na	0	476	588
Canada	na	na	na	4,847	7,477
China	na	na	na	0	9,300
Total	4,353	12,046	23,832	30,616	43,875

Source: FAS/Seoul based on Korea's FTAs

Production, Supply and Demand Data Statistics:

Soybean, Oilseed PS&D

Oilseed, Soybean	2015/2016		2016/2017		2017/2018	
	Oct 2015		Oct 2016		Oct 2017	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	70	57	70	49	0	67
Area Harvested	57	57	68	49	0	67
Beginning Stocks	66	66	94	38	0	28
Production	104	104	120	75	0	120
MY Imports	1374	1249	1375	1300	0	1300
MY Imp. from U.S.	630	491	650	600	0	600
MY Imp. from EU	0	0	0	0	0	0

Total Supply	1544	1419	1589	1413	0	1448
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	1000	1041	1000	1050	0	1000
Food Use Dom. Cons.	400	300	410	300	0	350
Feed Waste Dom. Cons.	50	40	50	35	0	40
Total Dom. Cons.	1450	1381	1460	1385	0	1390
Ending Stocks	94	38	129	28	0	58
Total Distribution	1544	1419	1589	1413	0	1448
(1000 HA) ,(1000 MT)						

Soybean Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Oilseed, Soybean		
Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2014		2015
U.S.	522 ^{a/}	U.S.	491 ^{a/}
Others		Others	
Brazil	631	Brazil	575
China	34	China	20
Paraguay	51	Paraguay	135
Canada	7	Canada	25
Total for Others	723		755
Others not Listed	1		3
Grand Total	1246 ^{a/}		1249 ^{a/}

Source: Korea Customs Service (KCS)

a/ FAS/Seoul reflects statistical adjustment of food grade soybean imports.

Table 17

Korea: Oilseed Imports (Metric Tons, USD1,000)						
	MY 2013/14		MY 2014/15		MY 2015/16	
	Volume	Value	Volume	Value	Volume	Value
Soybean	1,270,962	824,725	1,245,730 ^{a/}	629,456 ^{a/}	1,249,325 ^{a/}	563,445 ^{a/}
Peanuts	551	788	437	676	757	1,266
Copra	798	947	1,289	1,567	203	239
Linseed	1,319	1,388	1,700	1,404	8,531	7,533
Rapeseed	37	123	2,626	465	2,071	1,263

Sunflower Seed	3,566	6,465	3,695	6,515	3,547	5,608
Cotton Seed	157,388	60,227	173,236	64,121	153,219	48,092
Castor Bean	24	29	2	2	5	4
Sesame Seed	78,680	199,608	81,457	162,634	74,406	109,487
Mustard Seed	1,572	1,493	1,772	1,850	2,594	2,090
Safflower Seed	486	358	200	203	393	235
Perilla Seed	25,027	46,785	26,726	52,388	25,294	39,091
Others	3,198	4,302	3,781	5,837	6,720	34,009
Total	1,543,608	1,147,238	1,542,651 ^{a/}	927,118 ^{a/}	1,527,065 ^{a/}	812,362 ^{a/}

Source: Korea Customs Service

a/ FAS/Seoul reflects statistical adjustment of food grade soybean imports.

Table 18

Korea: Applied Tariff Schedule for Oilseeds (Percent)					
Commodity	H.S. Code	2015	2016	2017	
Soybean, Seed	1201.10.xxxx	3	3	3	
Soybean, Crushing 1/	1201.90.1000	3(0)	3(0)	3(0)	
Soybean, Feed 1/	1201.90.2000	3(0)	3(0)	3(0)	
Soybean, Sprouting 2/	1201.90.3000	3(5)	3(5)	3(5)	
Soybean, Food Grade 2/	1201.90.9000	3(5)	3(5)	3(5)	
Peanuts, Seed, in shell	1202.30.1000	40	40	40	
Peanuts, Seed, shelled	1202.30.1000	24	24	24	
Peanuts, in Shell 3/	1202.41.0000	40	40	40	
Peanuts, Shelled 3/	1202.42.0000	24	24	24	
Copra	1203.00.0000	3	3	3	
Linseed	1204.00.0000	3	3	3	
Rapeseed	1205.xx.xxxx	10	10	10	
Sunflower Seed	1206.00.0000	25	25	25	
Cottonseed 4/	1207.29.1000	2 (0)	2 (0)	2 (0)	
Sesame Seed 5/	1207.40.0000	40	40	40	
Mustard Seed	1207.50.0000	3	3	3	
Perilla Seed 6/	1207.99.1000	40	40	40	
Castor Beans	1207.99.4000	3	3	3	
Safflower Seed	1207.99.5000	3	3	3	
Others	1207.99.9000	3	3	3	

Source: Korea Customs Research Institute, Tariff Schedules of Korea.

Note: The Seed Industry Act restricts imports of listed commodities for planting seed purposes.

1/The number in parenthesis is the in-quota tariff rate assessed on 1.5 million tons of soybeans imported for crushing and feed purposes for CY 2017.

2/ applied duty rate of 5 percent for food grade soybeans imported and administered by the Korea Agro-Fishery & Food Trade Corporation (aT) under the WTO TRQ. Soybeans imported out-of-quota by private importers will be assessed a tariff rate of 487 percent or Korean won 956/Kg, whichever is greater.

3/The in-quota amount is 4,907.3 tons on a shelled basis. Peanuts imported out-of-quota are assessed a tariff of 230.5 percent.

4/The number in parenthesis is the in-quota tariff rate assessed on all cotton seed for feed in the CY 2017.

5/The in-quota amount under the WTO TRQ is 6,731 tons. Sesame imported out-of-quota is assessed a tariff of 630 percent or Korean won 6,660/Kg, whichever is greater.

6/ 40 percent or Korean won 410/Kg, whichever is greater.

Commodities:

Meal, Soybean

Meal, Rapeseed

Production:

Almost all of the vegetable meal produced in Korea is made from imported soybeans. Soybean meal production in MY 2015/16 increased to 824,200 MT (79.2 percent applicable extraction rate basis), up 2.3 percent from the previous year, to meet a greater demand for feed.

There are only two soybean crushers in Korea, CJ Corporation and Sajo O&F Co Ltd, with a crushing ratio of 65:35 percent. In MY 2016/17, CJ Corp's crushing capacity remained unchanged at 2,100 MT per day. Sajo O&F's crushing capacity also remained unchanged from the previous year, at 1,100 MT per day (Table 19).

MY 2017/18 demand for crushing soybeans will remain flat at 1.0 MMT as long as crushing margins remain steady. Soybean demand for crushing is steady, equivalent to the country's 1.0 MMT crushing capacity. Soybean meal production for MY 2017/18 is forecast to hold steady at 792,000 MT, with an extraction rate of 79.2 percent and crude protein content on a 44 percent basis.

MY 2016/17 soybean meal production is estimated at 831,000 MT, a slightly higher level compared to the previous year based on better soybean crushing margins under bearish soybean prices.

In an effort to strengthen their competitiveness against imported meal from South America, these companies have started producing de-hulled Hi-pro soybean meal with a 47-percent protein content by blending U.S. and Brazilian soybeans. In CY 2016, production of de-hulled Hi-pro soybean meal with 47-percent protein remained stable at 23 percent of total soybean meal production to meet a constant demand for hi-pro soybean meal from feed millers who maintain formulas with high protein levels.

The breakdown of production by company and product follows. In CY 2016, CJ produced 47-percent protein de-hulled meal and 45-percent protein meal in a ratio of 34:66, slightly decreasing the production of 47-percent protein meal from the previous 36:64 ratio. However, Sajo produced 46-percent and 45-percent protein meal at a ratio of 62:38, increasing the production of 46-percent protein meal, in view of the previous 47:53 ratio. This change was made because some feed millers preferred

using more 46-percent protein meal to produce compound feed for poultry and swine in recognition of the feed value of hi-pro meals. The USSEC/Seoul office continues to enlighten Korean feed millers about the meaningful value of hi-pro meals.

Table 19

Korea: Soybean Crushing Capacity (As of February 2016)		
Soybean Crusher	Capacity (MT/day)	Location
CJ Corp	2,100 ^{a/}	Incheon
Sajo O&F	1,100	Incheon
Total	3,200	

Source: Soybean Crushing Industry

Note: Day=24 hours processing basis for 330 days

a/ of them, 700 MT have been converted to crush for either rapeseed or soybeans depending on crushing margin since December 2012.

Consumption:

Nearly all imported and domestically produced soybean meal is used in compound feed production. Korean feed millers prefer soybean meal since it is more readily available than other oil meals. In MY 2015/16, soybean meal consumption reached 2.75 MMT, the second most widely used ingredient in compound feed production after corn, accounting for about 13 percent of the total compound feed production, up one percentage point, as rapeseed meal and palm kernel meal declined. (Landed-cost prices of soybean meal declined vis-à-vis other meals during the period (Tables 23 & 23-1).

MY 2016/17 soybean meal consumption is predicted to stay at 2.75 MMT, as swine and beef cattle sectors continue to maintain high animal inventories for the marketing year. Animal operations have kept increasing animal numbers in swine, which partly offset the losses in the poultry sector, which was affected by the severe outbreak of Highly Pathogenic Avian Influenza (HPAI). However, ongoing outbreaks of Foot-and-Mouth Disease (FMD) in dairy farms may potentially adjust the level of compound feed production later in the year.

MY 2017/18 soybean meal consumption is forecast to stay around 2.7 MMT, a similar level to the current marketing year, as local swine and beef cattle inventories are expected to maintain constant levels as MY 2016/17.

Rapeseed meal consumption for feed in MY 2017/18 is forecast to stay around 280,000 MT. MY 2016/17 consumption is expected to increase 15 percent to 230,000 MT from the previous year, as animal inventories are affected by ongoing current bullish trend of beef and pork prices. In MY 2015/16, feed millers consumed 200,000 MT, down by more than half of the previous year's consumption, due to substitution of lower-priced soybean meal and DDGS (Table 22).

Trade:

Soybean meal imports during MY 2017/18 are forecast at 2.0 MMT, unchanged from the current marketing year as Korean livestock inventories remain stagnant. Despite a decrease of 13 percent in soybean meal imports for the first three months over the same period of MY 2015/16 (Table 24), MY

2016/17 soybean meal imports are expected to stay around 2.0 MMT, a slight decrease over the same period in the previous marketing year. In MY 2015/16, soybean meal imports were recorded at 2.1 MMT, up 21 percent from the previous year due to a greater decline in price than other protein materials such as rapeseed meal and copra meal. (Table 23-1)

Rapeseed meal imports during MY 2017/18 are forecast at 300,000 MT, up 20 percent from the current marketing year to meet normal demand for feed production. In MY 2016/17, rapeseed meal imports are expected to increase slightly due to constant demand from the feed sector. Korean feed millers imported 223,484 MT of rapeseed meal in MY 2015/16, down 55 percent from the previous marketing year due to a lack of supply availability from India, along with international soybean meal market continuing on a bearish trend since CY 2015. India has been the major supplier of rapeseed meal to Korea, followed by China and Canada, and it will remain the top supplier for the foreseeable future.

Palm kernel meal and copra meal imports are forecast to remain major protein resources for animal feed in both MY 2016 and MY 2017. DDGS imports are also forecast to be strong to meet a greater demand for vegetable protein from feed sectors in Korea; and U.S. supplies may be strong if Chinese antidumping measures against U.S. DDGS continue in CY 2017 (Table 23). As of January 10, 2017, China's Ministry of Commerce (MOFCOM) issued a final determination in the anti-dumping and countervailing investigations against U.S. DDGS. MOFCOM has assigned producers of U.S. DDGS antidumping rates ranging from 42.2- 53.7 percent and countervailing duties (CVD) ranging from 11.2- 12 percent, which will be likely to slow trade of DDGS to that market.

The CY 2017 autonomous soybean meal WTO TRQ is set at 2.451 MMT with a zero percent in-quota import duty, unchanged from the previous year. The CY 2017 WTO TRQ for DDGS is set at unlimited volume, with a zero percent in-quota import duty for countries under FTAs. In order to help the livestock industry, the Korean government has maintained an autonomous zero-duty TRQ for other vegetable protein meals such as cottonseed meal and cottonseed hulls. TRQ volumes for copra meal and palm kernel meal were eliminated due to implementing zero duty under the Korean-ASEAN FTA.

Under the Korean-ASEAN FTA, copra and palm kernel meals are imported duty free from South East Asian countries such as Indonesia, Malaysia and the Philippines. Indian soybean meal is imported duty free under the Korea-India Comprehensive Economic Partnership Agreement (CEPA). As part of the KORUS FTA, Korea eliminated import duties on vegetable protein meals such as soybean meal (2304.00.0000), DDGS (2303.30.0000), and cottonseed meal (2306.10.0000) since March 15, 2012.

Export

Korea exports some locally-crushed soybean meal that is less competitive than imported meal. Soybean meal exports for MY 2016/17 are forecast to remain unchanged from the current marketing year's estimate of 100,000 MT. The major markets for Korean soybean meal are Japan, followed by Vietnam and Malaysia, where there are overseas feed mills established by Korean crushers (Table 20).

Table 20

Korea: Soybean Meal Exports (Metric Ton)

Country	MY 13/14	MY 14/15	MY 15/16
Japan	159,836	104,210	61,312
Vietnam	3,040	5,720	12,040
Malaysia	340	600	600
Philippine	180	160	180
Indonesia	13,200	0	10
Cambodia	2,160	864	0
Others	565	566	1,495
Total	179,321	112,136	75,637

Source: Korea Customs Service

Production, Supply and Demand Data Statistics:

Soybean Meal PS&D

Meal, Soybean	2015/2016		2016/2017		2017/2018	
	Oct 2015		Oct 2016		Oct 2017	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Korea, Republic of						
Crush	1000	1041	1000	1050	0	1000
Extr. Rate, 999.9999	0.79	0.7915	0.79	0.7914	0	0.792
Beginning Stocks	189	189	254	271	0	232
Production	790	824	790	831	0	792
MY Imports	2118	2104	1950	2000	0	2000
MY Imp. from U.S.	200	8	200	50	0	50
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3097	3117	2994	3102	0	3024
MY Exports	76	76	100	100	0	100
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	25	20	25	20	0	20
Feed Waste Dom. Cons.	2742	2750	2700	2750	0	2700
Total Dom. Cons.	2767	2770	2725	2770	0	2720
Ending Stocks	254	271	169	232	0	204
Total Distribution	3097	3117	2994	3102	0	3024

(1000 MT) ,(PERCENT)

Soybean Meal Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Meal, Soybean		
Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2014		2015
U.S.	1	U.S.	8
Others		Others	
Brazil	970	Brazil	1437

Argentina	600	Argentina	548
China	101	China	45
India	45	India	40
Total for Others	1616		2070
Others not Listed	19		26
Grand Total	1736		2104

Source: Korea Customs Service (KCS)

Rapeseed Meal PS&D

Meal, Rapeseed	2015/2016		2016/2017		2017/2018	
	Oct 2015		Oct 2016		Oct 2017	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Korea, Republic of						
Crush	3	3	2	3	0	3
Extr. Rate, 999.9999	0.6667	0.6667	0.5	0.6667	0	0.6667
Beginning Stocks	30	30	25	36	0	38
Production	2	2	1	2	0	2
MY Imports	220	224	280	250	0	300
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	252	256	306	288	0	340
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	46	20	50	20	0	20
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	181	200	235	230	0	280
Total Dom. Cons.	227	220	285	250	0	300
Ending Stocks	25	36	21	38	0	40
Total Distribution	252	256	306	288	0	340

(1000 MT) ,(PERCENT)

Rapeseed Meal Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Meal, Rapeseed		
Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2014		2015
U.S.	0	U.S.	0
Others		Others	
India	460	India	154
Japan	37	China	46
		Canada	10
Total for Others	497		210
Others not Listed	2		14
Grand Total	499		224

Source: Korea Customs Service (KCS)

Table 21

Korea: Soybean Meal Production ^{1/} (Metric Ton)			
Month	MY 14/15	MY 15/16	MY 16/17
October	55,781	52,389	49,000
November	52,160	60,778	63,000
December	54,178	62,234	64,000
January	62,656	64,000	Na
February	62,272	60,000	Na
March	63,361	63,000	Na
April	63,291	62,000	Na
May	64,358	65,000	Na
June	64,861	66,000	Na
July	63,180	68,000	Na
August	68,167	65,000	Na
September	62,572	64,000	Na
Total	736,836	752,401	Na
Extraction Rate	72.42%	72.31%	Na

Source: Korea Soybean Processing Association

1/ based on crushers' applicable extraction rate

Table 22

Korea: Feed Ingredients Use for Animal (October/September Basis)						
Items	MY 2013/2014		MY 2014/2015		MY 2015/2016	
	1,000 MT	Percent	1,000 MT	Percent	1,000 MT	Percent
Total Grains and Grain Substitution	12,080	64.2	12,046	63.4	12,395	63.8
- Wheat	1,633	8.7	1,480	7.8	1,910	9.8
- Corn	7,762	41.2	8,035	42.3	7,841	40.4
- Others	2,685	14.3	2,531	13.3	2,644	13.6
Total Vegetable Protein	4,674	24.8	4,867	25.6	4,937	25.4
- Soybean Meal 1/	2,079	11.0	2,272	12.0	2,531	13.0
- Rapeseed Meal	530	2.8	489	2.6	200	1.0
- Cottonseed Meal	1	0.0	1	0.0	0	0.0
- Palm Kernel Meal	760	4.0	686	3.6	721	3.7
- Copra Meal	399	2.1	403	2.1	317	1.6
- Sesame Meal	23	0.1	33	0.2	37	0.2
- Perilla seed Meal	3	0.0	1	0.0	3	0.0
- Corn Gluten Meal	81	0.4	82	0.4	71	0.4
DDGS	536	2.8	654	3.4	779	4.0
- Others	262	1.4	246	1.3	274	1.4
Total Animal Protein	186	1.0	189	1.0	205	1.1
- Fish meal	18	0.1	18	0.1	15	0.1
- Meat & Bone Meal	22	0.1	24	0.1	30	0.2
- Others	146	0.8	147	0.8	160	0.8
Total Others	1,898	10.1	1,895	10.0	1,886	9.7

TOTAL COMPOUND FEED	18,838	100.0	18,997	100.0	19,423	100.0
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Source: Korea Feed Association

1/ include dehulled locally processed soybean meal

Table 23

Korea: Imports of Major Protein Meals (October/September)						
	MY 2013/014		MY 2014/015		MY 2015/016	
	Volume (MT)	Value (1,000USD)	Volume (MT)	Value (1,000USD)	Volume (MT)	Value (1,000USD)
Soybean Meal	1,809,231	993,679	1,735,694	834,364	2,104,092	807,293
Rapeseed Meal	555,307	153,524	499,300	137,364	223,484	67,095
Fish Meal	49,440	81,780	47,933	96,092	49,910	86,077
Bone Meal	255	333	279	302	246	399
Cottonseed Meal	18,296	8,765	12,851	5,940	10,281	5,248
Sunflower Seed Meal	1,177	500	1,559	631	3,747	1,200
Copra Meal	410,146	107,136	415,632	81,495	289,902	53,437
Palm Kernel Meal	839,145	159,060	727,855	92,968	724,064	76,744
Corn Germ Meal	20,170	6,189	6,022	1,508	27,507	4,914
Others	516,931	65,856	391,038	52,327	465,317	53,698
Total	4,220,098	1,576,822	3,838,298	1,303,061	3,898,550	1,156,105
DDGS	610,372	195,429	656,307	160,458	849,401	185,831

Source: Korean Customs Service (KCS)

Table 23-1

Korea: Price Comparison of Major Imported Protein Meals (USD/MT, CIF, Arrival Basis on annual average)						
	MY 2010	MY 2011	MY 2012	MY 2013	MY 2014	MY 2015
Soybean Meal	405.09	426.32	543.00	549.23	480.71	383.68
Rapeseed Meal	265.61	232.98	337.98	276.47	275.11	300.22
Fish Meal	1,682.29	1,558.53	1,776.74	1,654.13	2,004.71	1,724.64
Bone Meal	2,559.24	1,530.36	1,567.31	1,305.88	1,082.44	1,621.95
Cottonseed Meal	368.09	330.39	424.89	479.07	462.22	510.46
Sunflower Seed Meal	199.83	408.85	416.46	424.81	404.75	320.26
Copra Meal	212.72	227.14	224.27	261.21	196.07	184.33
Palm Kernel Meal	169.83	147.74	182.12	189.55	127.73	105.99
Corn Germ Meal	228.39	266.46	302.48	306.84	250.42	178.65
Others	146.25	144.04	134.01	127.40	133.82	115.16
DDGS	269.66	305.61	348.62	320.18	244.49	218.78

Source: Korean Customs Service (KCS)

Table 24

Korea: Soybean Meal Imports for Oct.-Dec. by Origin (Unit: MT)							
MY 2016/17	USA	Brazil	Argentina	India	China	Others	Total
Oct. 2016	1,294	117,859	21,996	3,609	1,932	0	146,691

Nov	1,255	144,460	45,553	2,361	11,393	0	205,021
Dec	575	121,223	22,317	1,795	3,716	0	149,627
Subtotal	3,124	383,542	89,866	7,765	17,041	0	501,339
MY 2015/16 a/	1,748	337,449	221,635	8,479	8,423	1,064	578,798

Source: Korea Customs Service (KCS)

a/ October – December 2015

Table 25

Korea: Soybean Meal Contracts under MY 2016/17 Arrival by Origin (Unit: 1,000 MT, as of early February 2017)					
Estimated Time of Arrival	USA	SOAM	China	Optional ^{1/}	Total
Oct. 2016	0	0	50	0	50
Nov	0	0	0	165	165
Dec	0	0	0	115	115
Jan. 2017	0	55	0	55	110
Feb	0	55	0	0	55
Mar	0	225	0	0	225
Apr	0	170	0	0	170
May	0	110	0	0	110
Total	0	615	50	335	1,000

Source: Local Traders

1/ optional origin among USA, SOAM or China

Table 26

Korea: Compound Feed Production (October/September, 1,000 MT)			
Animal Type	MY 2014/15	MY 2015/16	MY 2016/17a/
Poultry	5,551	5,797	5,300
Swine	6,049	6,247	6,500
Cattle	5,978	5,820	5,700
Others ^{b/}	1,388	1,529	1,500
Sub. Total	18,967	19,393	19,000
Aquaculture	128	132	130
Milk Substitute	48	51	50
Grand Total	19,143	19,576	19,180

Source: Korea Feed Association (KFA), Ministry for Agriculture, Food, and Rural Affairs (MAFRA)

a/ FAS/ Seoul forecast

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

Table 27

Korea: Applied Tariff Schedule for Oil Cake and Meals (Percent)				
Commodity	H.S. Code	2015	2016	2017

DDGS ^{a/}	2303.30.0000	3 (0)	3 (0)	3 (0)
Soybean Meal ^{b/}	2304.00.0000	1.8 (0)	1.8 (0)	1.8 (0)
Peanut Meal	2305.00.0000	5	5	5
Cottonseed Meal ^{c/}	2306.10.0000	2 (0)	2 (0)	2 (0)
Linseed Meal	2306.20.0000	5	5	5
Sunflower Seed Meal	2306.30.0000	5	5	5
Rapeseed Meal	2306.40.0000	0	0	0
Copra Meal	2306.50.0000	2	2	2
Palm Kernel Meal	2306.60.0000	2	2	2
Cottonseed Hull for feed ^{d/}	2308.00.3000	5 (0)	5 (0)	5 (0)

Source: Korea Customs Service

The figures in parentheses are the autonomous quota tariff rates for CY 2017.

a/ The applied duty is assessed on the unlimited volume of residues of brewing or distilling dregs and waste for CY 2017.

b/ The applied duty is assessed on the first 2.451 million tons of soybean meal for CY 2017.

c/ The applied duty is assessed on the unlimited volume of cottonseed meal for feed and 10,000 tons for mushroom growing for CY 2017.

d/ The applied duty is assessed on the unlimited volume of cottonseed hull for feed and 10,000 tons for mushroom growing for CY 2017.

Commodities:

Oil, Soybean

Oil, Palm

Production:

CJ Corporation, a leading Korean soybean crusher, returned to soybean crushing from canola seed crushing in the second half of 2013. Due to the greater margins from soybean processing, MY 2015/16 soybean oil production reached 199,500 MT, up two percent over the previous marketing year. Current MY 2016/17 soybean oil production is expected to remain stable at 200,000 MT, a level similar to the previous marketing year, unless crushing margins between soybeans and rapeseed are overturned. MY 2017/18 soybean oil production is forecast to decrease from the current marketing year due to a saturated domestic market.

Consumption:

Soybean oil and palm oil accounted for 74 percent of the country's total oil supply in MY 2015/16 (Table 30). The majority of soybean oil is consumed in the Hotel and Restaurant Industries (HRI) sector and at home, but recently dwindled away in the biodiesel sector. Food processors and restaurants rely heavily on imported soybean oil, while locally processed soybean oil is generally for home use. Palm oil is primarily used for food processing, especially ramen (instant noodle) production, since it is more functional and cheaper than soybean oil. Palm oil has been increasingly used in local biodiesel production.

Soybean oil consumption in MY 2017/18 is forecast at 450,000 MT, unchanged from the current marketing year's estimate because of tapering demand for bio-diesel production, as it is less cost effective than palm oil. Meanwhile, palm oil consumption during this period is forecast at 500,000 MT,

up two percent from the current marketing year because of increasing demand from the bio-diesel sector while palm oil consumption in the HRI sector remains stable.

Trade:

The biodiesel sector has been the main driver behind rising edible oil imports since MY 2007/08. However, MY 2017/18 soybean oil imports are forecast at 250,000 MT, unchanged from the current marketing year’s estimate, due to lowered demand for biodiesel caused by comparatively cheaper palm oil. In MY 2016/17, soybean oil imports are stagnant at 250,000 MT, remaining unchanged from the previous year. Soybean oil imported from South America, particularly Argentina, is much more price-competitive than domestically-produced soybean oil made from imported soybeans.

In MY 2017/18, palm oil imports are forecast to increase to 500,000 MT, mainly due to rising demand from the biodiesel industry due to government policies. The Korean government has implemented revised regulations to raise the mandatory inclusion rate from two percent to 2.5 percent since the second half of 2016. Palm oil imports for biodiesel are expected to reach 280,000 MT, up four percent from the current marketing year estimate, as it is more competitively-priced than other oil-based feed stocks. Palm oil imports for use in the local soap industry are expected to remain steady at 20,000 MT. In MY 2016/17, palm oil imports are expected to increase to 490,000 MT to meet increased demand for palm oil used in biodiesel.

Palm oil has been imported duty free under the Korea-ASEAN FTA since June 2007.

Under the KORUS FTA, effective since March 15, 2012, Korea’s 5.4 percent duty on imports of crude soybean oil is scheduled to be phased out in 10 equal annual reductions, while the 5.4 percent on refined soybean oil will be phased out in five equal annual reductions. Therefore U.S. refined soybean oil has been imported duty free since CY 2016. Korea also eliminated the import duty on palm oil immediately under the KORUS FTA.

Production, Supply and Demand Data Statistics:

Soybean Oil PS&D

Oil, Soybean	2015/2016		2016/2017		2017/2018	
	Oct 2015		Oct 2016		Oct 2017	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Korea, Republic of						
Crush	1000	1041	1000	1050	0	1000
Extr. Rate, 999.9999	0.178	0.1921	0.179	0.1905	0	0.19
Beginning Stocks	49	49	25	55	0	50
Production	178	200	179	200	0	190
MY Imports	250	250	280	250	0	250
MY Imp. from U.S.	0	59	0	50	0	50
MY Imp. from EU	0	0	0	0	0	0
Total Supply	477	499	484	505	0	490
MY Exports	4	4	4	5	0	5
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	40	20	40	20	0	20
Food Use Dom. Cons.	408	420	425	430	0	430
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	448	440	465	450	0	450

Ending Stocks	25	55	15	50	0	35
Total Distribution	477	499	484	505	0	490
(1000 MT) ,(PERCENT)						

Soybean Oil Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Oil, Soybean		
Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2014		2015
U.S.	50	U.S.	59
Others		Others	
Argentina	117	Argentina	165
Vietnam	76	Vietnam	16
Thailand	7	Thailand	5
Total for Others	200		186
Others not Listed	7		5
Grand Total	257		250

Source: Korea Customs Service (KCS)

Palm Oil PS&D

Oil, Palm	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	44	44	54	44	0	44
Production	0	0	0	0	0	0
MY Imports	480	480	470	490	0	500
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	524	524	524	534	0	544
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	235	260	235	270	0	280
Food Use Dom. Cons.	235	220	235	220	0	220
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	470	480	470	490	0	500
Ending Stocks	54	44	54	44	0	44
Total Distribution	524	524	524	534	0	544
(1000 HA) ,(1000 TREES) ,(1000 MT)						

Palm Oil Import Trade Matrix

Import Trade Matrix			
Country	Korea, Republic of		
Commodity	Oil, Palm		
Time Period	OCT/SEP	Units:	1,000MT
Imports for:	2014		2015
U.S.	0	U.S.	0
Others		Others	
Malaysia	315	Malaysia	267
Indonesia	123	Indonesia	212
Total for Others	438		479
Others not Listed	7		1
Grand Total	445		480

Source: Korea Customs Service (KCS)

Table 28

Korea: Domestic Production of Vegetable Oils ^{1/} (Metric Ton)			
Commodities	MY 2013/14	MY 2014/15	MY 2015/16
Soybean Oil	173,100	195,300	199,500
Corn Oil	45,558	47,443	49,719
Sesame Oil	22,988	23,404	21,521
Rice Bran Oil	10,000	10,000	10,000
Rapeseed Oil	436	1,523	1,290
Perilla Seed Oil	23,349	27,994	30,491
Total	275,431	305,664	312,521

Source: Foreign Agriculture Service, Seoul, Korea

1/ FAS/Seoul estimates

Table 29

Korea: Soybean Oil Production (Metric Ton)			
Month	MY 14/15	MY 15/16	MY 16/17
October	15,000	14,100	13,000
November	14,000	16,700	17,000
December	14,500	16,700	17,000
January	16,600	17,000	Na
February	15,300	16,000	Na
March	15,800	16,000	Na
April	16,600	17,000	Na
May	17,400	17,000	Na
June	17,800	17,000	Na

July	17,300	18,000	Na
August	18,000	17,000	Na
September	17,000	17,000	Na
Total	195,300	199,500	Na
Extraction Rate	19.20%	19.17%	Na

Source: Korea Soybean Processing Association (KSPA)

Table 30

Korea: Total Supply of Edible Oils (Metric Ton)			
Commodity	MY 2013/14	MY 2014/15	MY 2015/16
Soybean Oil	451,194	452,770	449,298
Palm Oil	402,553	445,071	479,503
Corn Oil	47,928	51,026	53,910
Rapeseed Oil	88,350	102,915	116,764
Coconut Oil	58,217	50,432	41,411
Olive Oil	14,536	13,326	12,908
Cottonseed Oil	506	245	326
Sesame Oil	23,465	23,710	22,003
Rice Bran Oil	23,912	23,755	22,967
Perilla Seed Oil	24,248	29,009	31,346
Fish Oil	10,085	8,363	6,552
Sunflower Oil	20,880	25,207	26,849
Total	1,165,874	1,225,829	1,263,837

Source: Foreign Agriculture Service, Seoul, Korea

Table 31

Korea: Fats and Oils Imports (MT & US\$1,000, Oct/Sep)						
Commodity	MY 2013/14		MY 2014/15		MY 2015/16	
	Volume	Value	Volume	Value	Volume	Value
Palm Oil	402,553	340,786	445,072	299,371	479,503	291,130
Tallow	10,483	10,140	22,971	16,055	12,512	7,817
Lard	0	0	93	79	1	3
Coconut Oil	57,858	73,628	49,852	63,463	41,042	69,050
Cottonseed Oil	506	677	245	380	326	499
Fish Oil	9,085	19,420	7,363	13,705	5,552	12,429
Soy Oil	278,144	272,191	257,472	220,071	249,798	191,436
Corn Oil	2,370	2,341	3,583	3,255	4,191	3,736
Rapeseed Oil	87,914	90,445	101,392	89,916	115,474	90,711
Palm Kernel Oil	8,910	12,005	9,346	10,604	3,584	4,251
Rice Bran Oil	13,912	20,687	13,755	20,114	12,967	19,027
Castor Oil	7,318	11,356	7,420	11,096	7,775	10,177

Linseed Oil	6,354	8,814	6,197	9,756	6,073	8,566
Sunflower Oil	20,880	31,186	25,207	33,727	26,849	32,281
Safflower Oil	33	137	103	347	72	273
Olive Oil	14,536	56,799	13,326	55,952	12,908	57,847
Jojoba Oil	46	1,079	39	879	60	1,285
Peanut Oil	19	120	26	129	14	88
Sesame Oil	477	2,653	306	1,503	482	1,855
Perilla Oil	899	3,700	1,015	4,188	855	2,850
Camellia Oil	26	393	37	664	49	772
Babassu Oil	9	119	8	73	13	132
Other Oil	10,010	47,075	13,472	45,492	10,227	40,317
Total	932,342	1,005,751	978,297	900,818	990,327	846,532

Source: Korea Customs Service (KCS)

Table 32

Korea: Soybean Oil Imports for Oct.-Dec. by Origin (Unit: MT)						
MY 2016/17	USA	Argentina	Brazil	Vietnam	Others	Total
Oct. 2016	78	18,653	-	6,981	243	25,955
Nov	19	11,901	783	2,827	105	15,635
Dec	13,121	10,294	-	1,499	146	25,060
Subtotal	13,218	40,848	783	11,307	494	66,650
MY2015/16 a/	1,188	46,226	0	5,967	4,693	58,074

Source: Korea Customs Service (KCS)

a/ October – December 2015

Table 33

Korea: Applied Tariff Schedule For Fats And Oils (Percent)				
Commodity	H.S. Code	General Rate	2016	2017
Lard	1501.00.10xx	3	3	3
Beef Tallow	1502.00.10xx	2	2	2
Other Tallow	1502.00.90xx	3	3	3
Fish Oil	1504.xx.xxxx	3	3	3
Soybean Oil for Food, Crude	1507.10.1000	5	5	5
Soybean Oil For Biodiesel, Crude	1507.10.2000	5	5	5
Soybean Oil for Other, Crude	1507.10.9000	5	5	5
Soybean Oil for Food, Refined	1507.90.1010	5	5	5
Soybean Oil For Biodiesel, Refined	1507.90.1020	5	5	5
Soybean Oil for Other, Refined	1507.90.1090	5	5	5
Soybean Oil, Other	1507.90.9000	5	8	8
Peanut Oil	1508.xx.xxxx	27	27	27

Olive Oil	1509.xx.xxxx	5	5	5
Palm Crude Oil	1511.10.0000	3	3	3
Palm Oil	1511.90.xxxx	2	2	2
Sunflower Oil	1512.1x.xxxx	5	5	5
Safflower Oil	1512.1x.xxxx	5	5	5
Cotton Seed Oil	1512.2x.xxxx	5	5	5
Coconut Oil	1513.1x.xxxx	3	3	3
Palm Kernel Oil	1513.2x.xxxx	8	8	8
Rapeseed Oil, Crude	1514.11.0000	5	5	5
Rapeseed Oil, Refined	1514.19.xxxx	5	5	5
Rapeseed Oil, Other, Crude	1514.91.1000	5	5	5
Linseed Oil	1515.1x.xxxx	5	5	5
Corn Oil	1515.2x.xxxx	5	5	5
Castor Oil	1515.30.xxxx	5	8	8
Tung Oil	1515.90.9040	8	8	8
Sesame Oil ^{1/}	1515.50.0000	40	40	40
Perilla Seed Oil	1515.90.1000	36	36	36
Rice Bran Oil	1515.90.9010	5	5	5
Other, Crude	1515.90.9090	5	5	5

Source: Korea Customs Research Institute, Tariff Schedules for Korea

1/ In-Quota tariff rate under the WTO TRQ. Quota is 668 tons. The out-of-quota tariff rate is 630 percent or 12,060 Won/Kg, whichever is greater.