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GAIN Report

Global Agricultural Information Network

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Implementation of KORUS FTA Agriculture Provisions

Report Categories:

Trade Policy Monitoring

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Report Highlights:

In CY 2012, Korea implemented its TRQ commitments under the KORUS Free Trade Agreement and has published commitments for CY 2013.

General Information:

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Implementation of KORUS FTA Agriculture Provisions

In CY 2012, Korea implemented tariff rate quota (TRQ) commitments under the Korea-U.S. Free Trade Agreement (FTA). Korea also announced its TRQ commitments for CY 2013. Korea's market access commitments under the KORUS FTA are published on the website of the Agro-Fisheries & Trade Corporation (aT)

at: <http://www.at.or.kr/article/apko363600/list.action>

Tariff rates for the KORUS FTA can be found on the Korea Customs FTA portal

at: <http://www.customs.go.kr/kcshome/site/importtariff/ImportTariff.do>

Beginning December 14, 2012, aT (the Korean State Trading Enterprise) and each pertinent association handling TRQ allocations for agricultural products under the KORUS FTA began publishing allocation notices for 2013. Currently, the majority of Korea's TRQ commitments are either completely allocated or are near full allocation. However, some TRQs experienced either low allocation rates and/or low fill rates. Despite these low allocation or low fill rates, there were no reported violations of the 2012 KORUS-FTA TRQ commitments due to misadministration or operational issues but rather appeared to be due to the market situation for these products at that time.

Potatoes: Due to the detection of zebra chip in U.S. fresh potatoes in August 2012, a ban has been in place on table potatoes from the states of Oregon and Washington. Therefore, only 609 metric tons of fresh table-stock potatoes were imported in 2012 out of the total TRQ of 3,000 tons. The TRQ excludes chipping potatoes. Unless this sanitary and phyto-sanitary (SPS) issue is resolved, the 2013 TRQ (3,090 metric tons) commitment will not be fulfilled.

Ginseng: aT, Korea's TRQ allocation authority for ginseng, held an auction several times in 2012 but no bidders participated. The lack of bids is attributed to importers' lack of familiarity with U.S. fresh ginseng and adequate supplies of Korea's domestically produced ginseng which left little room for imports.

Corn Starch / Dextrins: Most of Korea's corn starch imports originate in China. In 2012, high prices made U.S. product less competitive in the Korean market. In terms of domestically produced corn starch, product tends to be of high quality and limits opportunities for imports. However, smaller processors tend to use imports, which are competitively priced.

Milk Powder: Korean buyers tend to favor EU product. Traders feel U.S. milk powder prices fluctuate greatly and offer a less reliable supply resulting in sporadic sales of U.S. milk powder.

Furthermore, milk powder must meet certain specifications for buyers to import. Due to these factors, Korean buyers are reluctant to take any risk by importing large quantities of U.S. milk powder.

Soybeans: According to traders, the price of U.S. soybeans was too high throughout 2012 to be attractive to Korean buyers.

[Publication of the TRQ announcement](#)

[Status of TRQ allocation and Fill rate](#)

[Daily status of Customs cleared TRQ amount under the KORUS FTA](#)

KORUS FTA TRQ Commitment for 2013 (January 1 - December 31, 2013)

	Commodity	2013 TRQ (MT) Commitment	2013 Implementation Period	Agency	Method of TRQ Allocation
1	Flatfish	1,652	Jan 1 – Dec 31, 2013	-	First-come first-served basis at customs clearance
2	Alaska Pollack	4,360	Jan 1 – Dec 31, 2013	-	First-come first-

					served basis at customs clearance
3	Croaker (micropogonias undulates)	1,050	Jan 1 – Dec 31, 2013	-	First-come first-served basis at customs clearance
4	Milk or cream powder less than 1.5 percent fat and buttermilk	5,150	Jan 1 – Dec 31, 2013	Korea Agro-Fisheries & Food Trade Corporation	Imports Rights Auction
	Milk and cream powder sweetened and unsweetened over 1.5 percent fat (whole milk powder)				
	Milk and cream(evaporated) sweetened or unsweetened and/or not concentrated				
5	Food whey	3,090	Jan 1 – Dec 31, 2013	Korea Dairy Industries Association	Allocation of import rights
6	Butter and other fats and oils derived from milk	206	Jan 1 – Dec 31, 2013	Korea Agro-Fisheries & Food Trade Corporation	Imports Rights Auction
7	Fresh, curd grated or powdered, processed, and all other cheeses	7,210	Jan 1 – Dec 31, 2013	Korea Dairy Industries Association	Allocation of import rights
8	Honey, natural	206	Jan 1 – Dec 31, 2013	Korea Agro-Fisheries & Food Trade Corporation	Imports Rights Auction
9	Potatoes fresh or chilled	3,090	Jan 1 – Dec 31, 2013	Korea Agro-Fisheries & Food Trade Corporation	Imports Rights Auction
10	Oranges	2,575	Sep 1, 2013 – Feb 28, 2014	Korea Agro-Fisheries & Food Trade Corporation	Imports Rights Auction (until year 10) License allocation to end-user (from year 11)
11	Barley, excluding malting barley and cereals of barley	9,180	Jan 1 – Dec 31, 2013	Korea Agro-Fisheries & Food Trade Corporation	Allocation of import rights
12	Malt and malting barley	2,550	Jan 1 – Dec 31, 2013	Korea Agro-Fisheries & Food Trade Corporation	Allocation of import rights
13	Maize starch	10,300	Jan 1 – Dec 31, 2013	Korea Agro-Fisheries & Food Trade Corporation	Allocation of import rights
14	Soybeans for (for processing) * Identity Preserved	20,000	Jan 1 – Dec 31, 2013	Korea Agro-Fisheries & Food Trade Corporation	Allocation of import rights
15	Ginseng (raw, white)	5.9	Jan 1 – Dec 31, 2013	Korea Agro-Fisheries & Food Trade Corporation	Imports Rights Auction
16	Fodder	200,000	Jan 1 – Dec 31, 2013	Korea Feed Ingredients Association, Korea Feed Association, National Agricultural Cooperative Federation	Allocation of import rights
17	Prepared dry milk and other (for toddlers)	721	Jan 1 – Dec 31, 2013	Korea Dairy Industries Association	Allocation of import rights
18	Supplemental feeds (Other)	5,665	Jan 1 – Dec 31, 2013	Korea Feed Ingredients Association, Korea Feed Milk Replacer Association	Allocation of import rights
19	Dextrins (modified starch)	14,420	Jan 1 – Dec 31, 2013	Korea Agro-Fisheries & Food Trade Corporation	Allocation of import rights

KORUS FTA TRQ Commitment for 2012 (March 15 – December 31, 2012)

	Commodity	HS 2012 Code	2012 TRQ (MT)	TRQ Filled (MT) - Customs Cleared	% Filled	Agency	Method of TRQ Allocation
1	Flatfish	0303-34-0000 0303-39-0000	1,530	1,530.00	100.00%	-	First-come first-served basis at customs clearance
2	Alaska Pollack	0303-67-0000 0303-69-9000	4,000	663.67	16.59%	-	First-come first-served basis at customs clearance
3	Croaker (micropogonias undulates)	0303-89-9091	1,000	88.62	8.86%	-	First-come first-served basis at customs clearance
4	Milk or cream powder less than 1.5 percent fat and buttermilk Milk and cream powder sweetened and unsweetened over 1.5 percent fat (whole milk powder) Milk and cream(evaporated) sweetened or unsweetened and/or not concentrated	0402-10-1010 0402-10-1090 0402-10-9000 0403-90-1000	5,000	980.62	19.61%	Korea Agro-Fisheries & Food Trade Corporation	Imports Rights Auction
		0402-21-1000 0402-21-9000 0402-29-0000					
		0402-91-1000 0402-91-9000 0402-99-1000 0402-99-9000					
5	Food whey	0404-10-1019 0404-10-1099 0404-10-2119 0404-10-2129 0404-10-2139 0404-10-2199 0404-10-2990	3,000	2,064.68	68.82%	Korea Dairy Industries Association	Allocation of import rights
6	Butter and other fats and oils derived from milk	0405-10-0000 0405-90-0000	200	187.00	93.50%	Korea Agro-Fisheries & Food Trade Corporation	Imports Rights Auction
7	Fresh, curd grated or powdered, processed, and all other cheeses	0406-10-1010 0406-10-1020 0406-10-1090 0406-20-0000 0406-30-0000 0406-90-1000 0406-90-2000 0406-90-3000 0406-90-4000 0406-90-9000	7,000	6,814.38	97.35%	Korea Dairy Industries Association	Allocation of import rights
8	Honey, natural	0409-00-0000	200	199.60	99.80%	Korea Agro-Fisheries & Food Trade Corporation	Imports Rights Auction
9	Potatoes fresh or chilled	0701-90-0000	3,000	609.00	20.30%	Korea Agro-Fisheries & Food	Imports Rights Auction

						Trade Corporation	
10	Oranges 1/	0805-10-0000	2,500	2,500.00	100.00%	Korea Agro-Fisheries & Food Trade Corporation	Imports Rights Auction (until year 10) License allocation to end-user (from year 11)
11	Barley, excluding malting barley and cereals of barley	1003-10-2000 1003-90-2000 1003-10-3000 1003-90-3000	9,000	1,294.53	14.38%	Korea Agro-Fisheries & Food Trade Corporation	Allocation of import rights
12	Malt and malting barley	1003-10-1000 1003-90-1000 1107-10-0000	2,500	1,290.17	51.61%	Korea Agro-Fisheries & Food Trade Corporation	Allocation of import rights
13	Maize starch	1108-12-1000 1108-12-9000	10,000	30.32	0.30%	Korea Agro-Fisheries & Food Trade Corporation	Allocation of import rights
14	Soybeans for (for processing) * Identity Preserved	1201-10-1000 1201-10-9000 1201-90-2000 1201-90-3000 1201-90-9000	10,000	3,452.64	34.53%	Korea Agro-Fisheries & Food Trade Corporation	Allocation of import rights
15	Ginseng (raw, white)	1211-20-1110 1211-20-1190 1211-20-1210 1211-20-1290	5.7	0.00	0.00%	Korea Agro-Fisheries & Food Trade Corporation	Imports Rights Auction
16	Fodder	1214-90-9090	200,000	199,593.44	99.80%	Korea Feed Ingredients Association, Korea Feed Association, National Agricultural Cooperative Federation	Allocation of import rights
17	Prepared dry milk and other (for toddlers)	1901-10-1010 1901-10-1090	700	15.12	2.16%	Korea Dairy Industries Association	Allocation of import rights
18	Supplemental feeds (Other)	2309-90-2010 2309-90-2020 2309-90-2099 2309-90-9000	5,500	5,319.02	96.71%	Korea Feed Ingredients Association, Korea Feed Milk Replacer Association	Allocation of import rights
19	Dextrins (modified starch)	3505-10-4010 3505-10-4090 3505-10-5010 3505-10-5090	14,000	187.68	1.34%	Korea Agro-Fisheries & Food Trade Corporation	Allocation of import rights

Source: Korea Customs Service (KCS)

Note: 1/ Orange Imports: March 15 – December 31, 2012 (519.58 tons) + January 1 - 2/28/2013 (1980.43 tons) = 2500.01 tons

