

USDA Foreign Agricultural Service

# GAIN Report

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## **Korea - Republic of**

### **Oilseeds and Products Annual**

### **Oilseeds and Products Annual**

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**Report Highlights:**

MY 2011/12 soybean consumption is forecast to remain steady at 1.3 million MT with 60 percent coming from the United States and the remainder mostly from Brazil. The MY 2010/11 soybean meal consumption estimate is lowered about 275,000 MT to 2.2 million MT due to the widespread FMD-related culling, but consumption is expected to increase slightly to 2.3 million MT as the livestock sector gradually recovers in MY 2011/12. Soybean oil consumption in MY 2011/12 is projected to continue its upward climb to 510,000 MT on the back of strong demand from the local biodiesel sector.

## Commodities:

Oilseed, Soybean

## Production:

Soybeans account for about 70 percent of Korea's total oilseed production, while sesame and perilla combined make-up about 25 percent of the total. Korea also produces small volumes of rapeseed and peanuts.

Last December, the Korean Rural Economic Institute's (KREI) conducted a nationwide planting intention survey of 649 soybean farmers. According to the survey results, MY 2011/12 soybean area is forecast to increase to 80,505 hectares, up 11 percent from the previous year's actual plantings, with production estimated between 133,000-141,000 MT. Using the KREI survey results as a benchmark, Post is forecasting MY 2011/12 soybean production at 137,000 MT.

In the future, soybean production will likely climb slightly higher as some farmers switch from growing rice to soybeans. In fact, the government recently instituted a 3-year pilot rice reduction program (2011-13) to reduce the country's oversupply of domestic rice by cutting annual production by 200,000 MT (40,000 HA). Under this program, farmers will be paid 3 million won (US\$2,600) per hectare for planting soybeans and other crops instead of rice. Of note, soybeans are considered the most suitable crop to grow in converted paddy lands.

In MY 2010/11, soybean production fell sharply to 105,345 MT, down 24 percent from the previous year because of heavy rains during the growing season. The decline in production pushed local soybean prices up to record levels. For example, the average wholesale soybean price in January 2011 was roughly 7,000 won/kg, up more than 85 percent from January 2010. See price series table below.

Government soybean purchases, which are made at a fixed price set each year, dropped to zero in CY2010 as farmers opted to sell their beans into commercial channels at a higher price. The government rate was set at 3,168 w/kg (\$2.75) in CY2010, while the average wholesale soybean price during this period was 4,900 w/kg (\$4.24). The government has not hit its annual purchase target of 14,100 MT in years past since domestic prices have been so bullish over the last few years. (Applicable 2010 Averaged Korean Foreign Exchange Rate at 1,156 per US\$)

The Ministry of Food, Agriculture, Forestry and Fisheries (MIFAFF) has wrapped up its 3-year (2008-10) pilot biodiesel rapeseed project, which was initially set forth with an annual production target of 4,500 MT on 1,500 hectares. However, the production target was not met since farmers preferred to grow winter barley because it was more profitable. The lackluster results of this pilot program will likely put a damper on future government investment in this sector.

| Korea: Soybean Production |           |               |                 |
|---------------------------|-----------|---------------|-----------------|
| Crop Year                 | Area (ha) | Yield (kg/ha) | Production (mt) |
| 2007                      | 76,267    | 1,498         | 114,245         |
| 2008                      | 75,242    | 1,760         | 132,374         |
| 2009                      | 70,265    | 1,982         | 139,251         |
| 2010                      | 72,240    | 1,460         | 105,345         |
| 2011 (f)                  | 80,505    |               | 137,000         |

Source: Ministry for Food, Agriculture Forestry and Fisheries (MIFAFF)

| Korea: 2011 Soybean Planting Intention |             |                 |            |
|--|-------------|-----------------|------------|
| Crop Year                              | Upland (ha) | Paddy Land (ha) | Total (ha) |

|                 |        |        |        |
|-----------------|--------|--------|--------|
| 2010            | 64,603 | 6,819  | 71,422 |
| 2011            | 65,992 | 14,513 | 80,505 |
| Growth Rate (%) | +2.2   | +112.8 | +12.7  |

Source: Korea Rural Economic Institute (KREI)

Note: Based on KREI telephone survey to 649 farm households for January 3-11, 2011.

| Korea: Government Purchases of Soybeans |                              |               |                              |               |                     |
|---|------------------------------|---------------|------------------------------|---------------|---------------------|
| Year                                    | Grown in rice paddy area     |               | Grown in upland area         |               | Total Purchase (mt) |
|   | Price (KRW/Kg) <sup>1/</sup> | Quantity (mt) | Price (KRW/Kg) <sup>1/</sup> | Quantity (mt) |                     |
| 2006                                    | 3,526                        | 10,931        | 3,107                        | 2,112         | 13,043              |
| 2007                                    | 3,017                        | 3,403         | 3,017                        | 949           | 4,352               |
| 2008                                    | 3,017                        | 1,891         | 3,017                        | 1,025         | 2,916               |
| 2009                                    | 3,168                        | 509           | 3,168                        | 763           | 1,272               |
| 2010                                    | 3,168                        | 0             | 3,168                        | 0             | 0                   |

Source: Korea Agro-Fishery Trade Corporation (aT)

1/ Price based on No. 1 grade of large-sized kernel

| Korea: Wholesale Prices of Domestic Soybeans<br>(High Quality, Korean Won per Kg) |       |       |       |       |       |       |       |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Month   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | July  | Aug   | Sep   | Oct   | Nov   | Dec   |
| 2008  | 3,759 | 4,323 | 4,961 | 5,080 | 4,720 | 4,369 | 4,261 | 4,243 | 4,171 | 4,068 | 3,559 | 3,429 |
| 2009  | 3,441 | 3,554 | 3,694 | 3,711 | 3,707 | 3,703 | 3,712 | 3,717 | 3,721 | 3,719 | 3,679 | 3,659 |
| 2010  | 3,761 | 3,860 | 4,071 | 4,283 | 4,457 | 4,814 | 4,929 | 4,851 | 4,719 | 5,410 | 6,309 | 6,722 |
| 2011  | 7,027 | 7,114 | na    |

Source: Korea Agro-Fishery Trade Corporation (aT)

| Korea: Soybean Farm Gate Price Index |             |
|--------------------------------------|-------------|
| Year                                 | Price Index |
| 2001                                 | 87.6        |
| 2002                                 | 90.4        |
| 2003                                 | 104.6       |
| 2004                                 | 119.23      |
| 2005                                 | 100.0       |
| 2006                                 | 70.0        |
| 2007                                 | 86.3        |
| 2008                                 | 117.0       |
| 2009                                 | 113.9       |
| 2010                                 | 164.5       |

Source: National Livestock Cooperative Federation (NACF)

| Korea: Rapeseed Production for Biodiesel<br>under Government Support Program |       |       |       |
|--|-------|-------|-------|
| Calendar Year (CY)   | 2008  | 2009  | 2010  |
| Projected Area (Ha)  | 1,500 | 1,500 | 1,500 |
| Cultivated Area (Ha)   | 794   | 965   | 544   |
| Production (MT)  | 725   | 860   | 312   |

Source: Ministry for Food, Agriculture, Forestry and Fisheries (MIFAFF)

| Korea: Oilseed Area and Production<br>(Hectares and Metric tons) |         |            |                  |                       |
|--|---------|------------|------------------|-----------------------|
| Crops  | CY 2009 |            | CY 2010          |                       |
|  | Area    | Production | Area             | Production            |
| Soybean  | 70,265  | 139,251    | 72,240           | 105,345               |
| Rapeseed   | 1,490   | 1604       | na <sup>3/</sup> | na <sup>3/</sup>      |
| Peanuts <sup>2/</sup>  | 4,111   | 10,201     | 5,831            | 14,000 <sup>1/</sup>  |
| Sesame   | 34,875  | 12,780     | 27,154           | 12,700                |
| Perilla  | 29,640  | 28,479     | 33,376           | 32,000 <sup>1/</sup>  |
| Total  | 140,385 | 192,315    | 138,601          | 162,045 <sup>1/</sup> |

Source: Ministry for Food, Agriculture Forestry and Fisheries (MIFAFF)

Notes:

1/ FAS/Seoul estimates.

2/ In-shell

3/ No official statistical survey since CY 2010

### Consumption:

Soybeans account for the majority of oilseed consumption. Total soybean consumption is forecast to remain steady in MY 2011/12 at 1.3 million MT, consisting of 920,000 MT for crushing and 380,000 MT for food use. In MY 2010/11, total soybean consumption is expected to dip slightly from the current official estimate due to a shortage of local soybeans caused by poor growing conditions last year.

The local crushing industry is expected to operate near capacity over the next few years in order to supply the lucrative local oil market, which means that demand for imported soybeans will remain strong, but flat in the future. Daily capacity is about 3,000 MT with annual capacity of around 1 million MT. Meanwhile, food grade soybean consumption is expected to stay relatively steady in the coming years given the maturity of the market. Food grade beans are used to make items such as, tofu, soymilk, soy sauce and soy paste.

| Korea: Soybean Consumption for Crushing<br>(Metric Ton) |          |          |          |
|---|----------|----------|----------|
| Month   | MY 08/09 | MY 09/10 | MY 10/11 |
| October   | 59,797   | 70,800   | 92,200   |
| November  | 66,568   | 66,100   | 80,020   |
| December  | 77,149   | 69,830   | 90,200   |
| January   | 77,866   | 78,573   | Na       |
| February  | 77,670   | 70,580   | Na       |
| March   | 74,390   | 75,240   | Na       |
| April   | 64,620   | 79,780   | Na       |
| May   | 77,950   | 68,330   | Na       |
| June  | 87,320   | 76,880   | Na       |
| July  | 88,600   | 76,630   | Na       |
| August  | 86,520   | 81,620   | Na       |
| September   | 79,620   | 92,200   | Na       |
| Total   | 918,070  | 906,563  | Na       |

Source: Korea Soybean Processing Association

| Korea: Soybean Crushing Capacity<br>(As of January 2011) |                   |          |
|--|-------------------|----------|
| Soybean Crusher  | Capacity (mt/day) | Location |
| Sajo O&F   | 1,000             | Inchon   |
| CJ Corp  | 2,000             | Inchon   |

|       |       |  |
|-------|-------|--|
| Total | 3,000 |  |
|-------|-------|--|

Source: Soybean Crushing Industry

Note: Day=24 hours processing basis for 330 days

| Korea: Distribution, by State Trading Entities, of Soybeans for Food Manufacturing<br>(Calendar Year, Metric Ton) |                |                |                |
|---|----------------|----------------|----------------|
| Item\Year   | CY 2008        | CY 2009        | CY 2010        |
| Soybean Curd  | 116,000        | 119,000        | 112,269        |
| Soy Sauce   | 45,000         | 41,600         | 39,741         |
| Soy Paste   | 3,500          | 4,500          | 4,307          |
| Soy Milk  | 28,000         | 24,800         | 26,048         |
| Soy Sprout  | 13,900         | 18,600         | 19,002         |
| Others 1/   | 326            | 300            | 301            |
| Sub. Total  | 206,726        | 208,800        | 201,668        |
| By product 2/   | 29,000         | 24,000         | 26,622         |
| <b>Total</b>  | <b>235,726</b> | <b>232,800</b> | <b>228,290</b> |
| TRQ Allocation to End-Users   |                |                |                |
| Soybean Curd  | 0              | 17,000         | 13,744         |
| Soy milk  | 0              | 3,000          | 3,186          |
| Soy-Paste/Red Pepper  | 0              | 3,700          | 2,976          |
| Soy Sprout to Assn.   | 0              | 10,000         | 9,998          |
| <b>Total</b>  | <b>0</b>       | <b>33,700</b>  | <b>29,904</b>  |
| Soy-sauce (after crushing)  | 16,300         | 15,500         | 8,606          |
| <b>Grand Total</b>  | <b>252,026</b> | <b>282,000</b> | <b>266,800</b> |

Source: Korea Agro-Fishery Trade Corporation (KATC)

Note: Quantity is on the basis of cleaned soybeans.

1/ Government, military employees and others

2/ Feed

## Trade:

Soybeans account for 85 percent of total oilseed imports and approximately three-quarters of imported soybeans are used for crushing. MY 2011/12 soybean imports are expected to remain unchanged from the current marketing year estimate of 1.2 million MT.

### Crushing

Imports of crushing soybeans will level off around 920,000 MT in MY2011/12, with the majority coming from the United States and Brazil, which each share about half of this segment of the market. U.S. beans started arriving last September and will finish delivery in March, while Brazilian beans will start coming in from March through September. See contract data table for more details.

In MY 2009/10, U.S. market share rebounded to 53 percent, up 17 percentage points from the previous year as U.S. beans stayed price competitive against Brazilian beans. U.S. and Brazilian meal is mixed to produce Hi-pro meal containing 47.5 percent protein.

The CY 2011 autonomous crushing soybean quota is 1.15 million with an adjustable in-quota tariff was cut from 3 percent to zero because of growing concerns about inflation. Under the KORUS FTA, the duty on crushing soybeans will immediately fall to zero.

| Contract Status of Soybeans for Crushing<br>(as of February 2011) |          |               |          |           |
|---|----------|---------------|----------|-----------|
| Contract Date   | Supplier | Quantity (mt) | ETA      | Origin    |
| 7-2-10  | STX      | 55,000        | Oct 2010 | U.S. Gulf |



|                       | Official | Post  | Official | Post  | Official |       |
|-----------------------|----------|-------|----------|-------|----------|-------|
| Area Planted          | 100      | 70    | 100      | 72    |          | 81    |
| Area Harvested        | 76       | 70    | 80       | 72    |          | 81    |
| Beginning Stocks      | 50       | 50    | 43       | 66    |          | 61    |
| Production            | 130      | 139   | 145      | 105   |          | 137   |
| MY Imports            | 1,197    | 1,197 | 1,260    | 1,200 |          | 1,200 |
| MY Imp. from U.S.     | 709      | 709   | 700      | 700   |          | 700   |
| MY Imp. from EU       | 0        | 0     | 0        | 0     |          | 0     |
| Total Supply          | 1,377    | 1,386 | 1,448    | 1,371 |          | 1,398 |
| MY Exports            | 0        | 0     | 0        | 0     |          | 0     |
| MY Exp. to EU         | 0        | 0     | 0        | 0     |          | 0     |
| Crush                 | 881      | 907   | 913      | 910   |          | 920   |
| Food Use Dom. Cons.   | 403      | 373   | 425      | 360   |          | 380   |
| Feed Waste Dom. Cons. | 50       | 40    | 50       | 40    |          | 40    |
| Total Dom. Cons.      | 1,334    | 1,320 | 1,388    | 1,310 |          | 1,340 |
| Ending Stocks         | 43       | 66    | 60       | 61    |          | 58    |
| Total Distribution    | 1,377    | 1,386 | 1,448    | 1,371 |          | 1,398 |
| CY Imports            | 1,250    | 1,226 | 1,250    | 1,200 |          | 1,200 |
| CY Imp. from U.S.     | 650      | 730   | 625      | 700   |          | 700   |
| CY Exports            | 0        | 0     | 0        | 0     |          | 0     |
| CY Exp. to U.S.       | 0        | 0     | 0        | 0     |          | 0     |
| TS=TD                 |          | 0     |          | 0     |          | 0     |

(1000 HA)  
(1000 HA)  
(1000 MT)  
(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: | 2008    |        | 2009    |
| U.S.         | 386     | U.S.   | 709     |
| Others       |         | Others |         |
| Brazil       | 570     | Brazil | 436     |
| China        | 211     | China  | 48      |
|              |         |        |         |
|              |         |        |         |

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|                   |      |      |
|-------------------|------|------|
| Total for Others  | 781  | 484  |
| Others not Listed | 0    | 4    |
| Grand Total       | 1167 | 1197 |

| Korea: Soybean Imports for Oct.-Dec. by Origin<br>(Unit: MT) |                |                |               |              |                |
|--|----------------|----------------|---------------|--------------|----------------|
| Soybean for Crushing (HS1201.00.1010)                        |                |                |               |              |                |
| MY2010/11  | USA            | Brazil         | China         | Others       | Total          |
| Oct. 2010  | 0              | 77,405         | 0             | 0            | 77,405         |
| Nov  | 33,136         | 50,536         | 0             | 0            | 83,672         |
| Dec  | 104,880        | 0              | 0             | 0            | 104,880        |
| <b>Subtotal</b>  | <b>138,016</b> | <b>127,941</b> | <b>0</b>      | <b>0</b>     | <b>265,957</b> |
| MY2009/10a/  | 129,581        | 113,671        | 0             | 0            | 243,252        |
| Soybean for Sprouting (HS1201.00.9010)                       |                |                |               |              |                |
| MY2010/11  | USA            | Brazil         | China         | Others       | Total          |
| Oct. 2010  | 20             | 0              | 1,306         | 20           | 1,346          |
| Nov  | 20             | 0              | 2,095         | 0            | 2,115          |
| Dec  | 4,220          | 0              | 4,926         | 0            | 9,146          |
| <b>Subtotal</b>  | <b>4,260</b>   | <b>0</b>       | <b>8,327</b>  | <b>20</b>    | <b>12,607</b>  |
| MY2009/10a/  | 290            | 0              | 12,585        | 0            | 12,875         |
| Soybean for Food Processing (HS1201.00.9090)                 |                |                |               |              |                |
| MY2010/11  | USA            | Brazil         | China         | Others       | Total          |
| Oct. 2010  | 22,822         | 0              | 565           | 848          | 24,235         |
| Nov  | 4,925          | 0              | 2,795         | 200          | 7,920          |
| Dec  | 23,092         | 35             | 2,571         | 0            | 25,698         |
| <b>Subtotal</b>  | <b>50,839</b>  | <b>35</b>      | <b>5,931</b>  | <b>1,048</b> | <b>57,853</b>  |
| MY2009/10a/  | 41,567         | 3,000          | 5,560         | 1,498        | 51,625         |
| Soybeans Total   |                |                |               |              |                |
| MY2010/11  | USA            | Brazil         | China         | Others       | Total          |
| Oct. 2010  | 22,842         | 77,405         | 1,871         | 868          | 102,986        |
| Nov  | 38,081         | 50,536         | 4,890         | 200          | 93,707         |
| Dec  | 132,192        | 35             | 7,497         | 0            | 139,724        |
| <b>Subtotal</b>  | <b>193,115</b> | <b>127,976</b> | <b>14,258</b> | <b>1,068</b> | <b>336,417</b> |
| MY2009/10a/  | 171,446        | 116,671        | 18,145        | 1,500        | 307,762        |

Source: Korea Customs Service (KCS)

a/ October – December 2009

| Korea: Oilseed Imports<br>(Metric Tons, \$1,000) |            |            |
|--|------------|------------|
|  | MY 2008/09 | MY 2009/10 |

|                   | Volume    | Value   | Volume    | Value   |
|-------------------|-----------|---------|-----------|---------|
| Soybean           | 1,166,901 | 662,488 | 1,197,222 | 578,053 |
| Peanuts, in shell | 192       | 153     | 190       | 180     |
| Peanut, shelled   | 931       | 814     | 336       | 419     |
| Copra             | 970       | 659     | 991       | 737     |
| Linseed           | 480       | 589     | 502       | 462     |
| Rapeseed          | 7         | 13      | 39        | 69      |
| Sunflower Seed    | 1,940     | 2,547   | 1,790     | 2,530   |
| Cottonseed        | 97,753    | 33,846  | 109,934   | 34,476  |
| Castor Bean       | 20        | 10      | 45        | 18      |
| Sesame Seed       | 75,583    | 119,139 | 67,659    | 101,858 |
| Mustard Seed      | 1,527     | 1,738   | 1,400     | 1,291   |
| Safflower Seed    | 321       | 182     | 305       | 196     |
| Perilla Seed      | 24,695    | 24,333  | 18,009    | 26,159  |
| Others            | 4,056     | 4,370   | 4,360     | 6,822   |
| Total             | 1,375,376 | 850,881 | 1,402,782 | 753,270 |

Source: Korea Customs Service

| Korea: Soybean Powder Imports<br>(MT, \$1,000) |          |        |          |        |
|--|----------|--------|----------|--------|
| Country  | CY 2009  |        | CY 2010  |        |
|  | Quantity | Value  | Quantity | Value  |
| U. S. A  | 3,406    | 2,807  | 3,458    | 2,786  |
| China  | 9,933    | 7,835  | 10,715   | 7,948  |
| Australia                                      | 689      | 1,265  | 947      | 1,929  |
| India  | 90       | 65     | 1,648    | 1,198  |
| Others   | 158      | 277    | 240      | 548    |
| Total  | 14,276   | 12,249 | 17,008   | 14,409 |

Source: Korea Customs Service

| Korea: Applied Tariff Schedule For Oilseeds<br>(Percent) |              |      |      |       |
|--|--------------|------|------|-------|
| Commodity  | H.S. Code    | 2009 | 2010 | 2011  |
| Soybean, Crushing 1/                                     | 1201.00.1010 | 3(1) | 3(0) | 3(0)  |
| Soybean, Feed 1/   | 1201.00.1020 | 3(1) | 3(0) | 3(0)  |
| Soybean, Sprouting 2/                                    | 1201.00.9010 | 3(5) | 3(5) | 3(5)  |
| Soybean, Food Grade 2/                                   | 1201.00.9090 | 3(5) | 3(5) | 3(5)  |
| Peanuts, in Shell 3/                                     | 1202.10.0000 | 40   | 40   | 40    |
| Peanuts, Shelled 3/                                      | 1202.20.0000 | 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 6/  | 1207.20.0000 | 3    | 3    | 3 (1) |
| Sesame Seed 4/   | 1207.40.0000 | 40   | 40   | 40    |
| Mustard Seed   | 1207.50.0000 | 3    | 3    | 3     |
| Perilla Seed 5/  | 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 1.15 million tons of soybeans imported for crushing and feed purposes for CY 2011.

2/ An applied duty rate of 5 percent is applied to the food grade soybeans imported by the Korea Agro-Fishery Trade Corporation (aT) under the WTO TRQ. The applicable TRQ will be set by the end of March 2011. 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 in-quota amount 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.

5/ or Korean won 410/Kg, whichever is greater.

6/ The number in parenthesis is the in-quota tariff rate assessed on 160,000 tons of cotton seed for feed in the CY 2011.

## **Commodities:**

Meal, Soybean

Meal, Rapeseed

## **Production:**

Almost all of the vegetable meal produced in Korea is made from imported soybeans. There is also a very small amount (<1,000 MT) of locally produced rapeseed meal.

MY 2011/12 demand for crushing soybeans will flatten out at 920,000 MT as crushing margins remain tight and demand steady. Production is slightly below the 1.0 million MT crushing capacity. Soybean meal production for MY 2011/12 is likewise expected to level off at about 730,000 MT with an extraction rate of 79.2 percent and a 44 percent crude protein content.

There are only two soybean crushers: CJ Corporation and Sajo O&F Co Ltd. In an effort to restore competitiveness against imported meal from South America and India, these companies have started producing dehulled Hi-pro soybean meal with 47.0 percent protein content by blending U.S. and Brazilian meal. In CY 2010, dehulled Hi-pro soybean meal with 47.0 percent protein content was slightly up, accounting for 23 percent of total soy meal production. Local crushers plan to expand dehulled hi-pro production in the future.

In CY 2010, CJ produced 47% protein dehulled meal and 45% protein meal in a ratio of 35:64, while Sajo produced 46% and 45% protein meal in a ratio of 50:50.

## **Consumption:**

Nearly all imported and domestically produced soybean meal is used for livestock compound feed. Korean feed millers prefer soybean meal since it is more readily available than other oil meals. After corn, soybean meal is the second most widely used ingredient in compound feed production, accounting for about 13 percent of all ingredients in MY 2009/10. While there is room to increase the soybean meal inclusion rate in animal feed rations, overall usage is expected to stay relatively flat for the foreseeable future given rising competition from alternative proteins, such as DDGS, and palm kernel and copra meals.

MY 2011/12 soybean meal consumption is forecast to increase slightly to 2.3 million MT as the livestock sector gradually recovers from FMD. The MY2010/11 soybean meal consumption estimate has been lowered about 275,000 MT to 2.2 million MT as feed demand is forecast to soften due to the widespread FMD-related culling of more than 3 million pigs, which is nearly one-third of nation's swine inventories. This forecasted reduction was calculated based on the fact that the swine sector in past years was on average consuming an estimated 900,000 MT of soybean meal.

The U.S market share of total soybean meal consumption is calculated at about 33 percent based on the volume of meal produced from U.S. soybeans plus the amount of imported U.S. meal. U.S. market share is expected to increase in the future as the U.S. soybean industry continues to work with the local compound feed industry highlighting the benefits of U.S. dehulled hi-pro meal. In fact, 41 feed mills used U.S. dehulled hi-pro meal in CY 2010, up from just three in CY 2001. One

constraint to future growth, though, is price. U.S. dehulled hi-pro soybean meal is about \$10 per MT more expensive than South American meal.

Rapeseed meal consumption for MY 2011/12 is forecast at 320,000 MT as feed demand increases with the recovery of the livestock sector. MY2010/11 consumption is forecast to drop about 50,000 tons from the current official estimate due to reduced feed demand resulting from FMD. Sizeable volumes of imported copra and palm kernel meal are also used in compound feed production. Copra and palm meal consumption during MY 2011/12 are each expected to increase, ranging from 500,000 to 600,000 MT.

### Trade:

Soybean meal imports during MY 2011/12 are forecast to climb slightly to 1.65 million MT, while imports of U.S. soybean meal are forecast to hold steady at 300,000 MT, but could possibly go as high as 350,000 MT depending on U.S. price competitiveness. The MY 2010/11 import estimate is lowered 250,000 tons to 1.6 million MT due to sluggish compound feed demand resulting from FMD.

Meanwhile, the MY 2010/11 U.S. soybean meal import estimate is unchanged from the current year's official estimate at 200,000 MT, but down by half year-over-year due to reduced price competitiveness. According to the latest contract data, only 165,000MT of U.S. soybean meal has been contracted for delivery in MY2010/11.

Rapeseed meal imports during MY 2011/12 are forecast at 320,000 MT. India supplied roughly 60 percent of rapeseed meal imports in MY 2009/10 and is expected to remain the top supplier for the foreseeable future. Palm kernel and copra meal imports are each forecast between 500,000-600,000 MT in MY 2011/12.

The CY 2011 autonomous soybean meal TRQ was initially set at 2.7 million MT with a 1 percent in-quota import duty, unchanged from the previous year. However, the government recently announced that it would cut the import duty to zero from Mar-Dec 2011. The CY2011 TRQ for DDGS is set at 920,000 MT with one percent in-quota import duty, down from 2 percent the previous calendar year.

Under the Korean-ASEAN FTA, copra and palm kernel meals are imported duty free from South East Asian countries such as Indonesia, Malaysia and Philippines. Indian soybean meal is imported duty free under the Korea-India Comprehensive Economic Partnership Agreement (CEPA).

Under the KORUS FTA, once implemented, Korea will immediately eliminate import duties on vegetable protein meals such as soybean meal (2304.00.0000), DDGS (2303.30.0000), and cotton seed meal (2306.10.0000).

### Export

Korea exports some locally crushed soybean meal because imported meal is sometimes cheaper. Soybean meal exports for MY 2011/12 are forecast to stay unchanged from the previous year at 50,000 MT. The major markets for Korean soybean meal are Japan, Indonesia, Malaysia, Cambodia and Vietnam.

### Production, Supply and Demand Data Statistics:

#### Soybean Meal PS&D

| Meal, Soybean Republic of Korea, | 2009/2010                   |          | 2010/2011                   |          | 2011/2012                   |          |           |
|----------------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|-----------|
|                                  | Market Year Begin: Oct 2009 |          | Market Year Begin: Oct 2010 |          | Market Year Begin: Oct 2011 |          |           |
|                                  | USDA Official               | New Post | USDA Official               | New Post | USDA Official               | New Post |           |
| Crush                            | 881                         | 907      | 913                         | 910      |                             | 920      | (1000 MT) |
| Extr. Rate, 999.9999             | 1.                          | 0.7916   | 1.                          | 0.7912   |                             | 0.7935   | (PERCENT) |
| Beginning Stocks                 | 97                          | 97       | 50                          | 78       |                             | 118      | (1000 MT) |
| Production                       | 704                         | 718      | 729                         | 720      |                             | 730      | (1000 MT) |
| MY Imports                       | 1,737                       | 1,718    | 1,850                       | 1,600    |                             | 1,650    | (1000 MT) |
| MY Imp. from U.S.                | 412                         | 409      | 200                         | 200      |                             | 300      | (1000 MT) |

|                       |       |       |       |       |  |       |           |
|-----------------------|-------|-------|-------|-------|--|-------|-----------|
| MY Imp. from EU       | 1     | 1     | 1     | 1     |  | 1     | (1000 MT) |
| Total Supply          | 2,538 | 2,533 | 2,629 | 2,398 |  | 2,498 | (1000 MT) |
| MY Exports            | 75    | 75    | 50    | 50    |  | 50    | (1000 MT) |
| MY Exp. to EU         | 0     | 0     | 0     | 0     |  | 0     | (1000 MT) |
| Industrial Dom. Cons. | 0     | 0     | 0     | 0     |  | 0     | (1000 MT) |
| Food Use Dom. Cons.   | 23    | 30    | 23    | 30    |  | 30    | (1000 MT) |
| Feed Waste Dom. Cons. | 2,390 | 2,350 | 2,473 | 2,200 |  | 2,300 | (1000 MT) |
| Total Dom. Cons.      | 2,413 | 2,380 | 2,496 | 2,230 |  | 2,330 | (1000 MT) |
| Ending Stocks         | 50    | 78    | 83    | 118   |  | 118   | (1000 MT) |
| Total Distribution    | 2,538 | 2,533 | 2,629 | 2,398 |  | 2,498 | (1000 MT) |
| CY Imports            | 1,800 | 1,777 | 1,850 | 1,600 |  | 1,650 | (1000 MT) |
| CY Imp. from U.S.     | 200   | 386   | 200   | 200   |  | 300   | (1000 MT) |
| CY Exports            | 75    | 58    | 0     | 50    |  | 50    | (1000 MT) |
| CY Exp. to U.S.       | 0     | 0     | 0     | 0     |  | 0     | (1000 MT) |
| SME                   | 2,413 | 2,380 | 2,496 | 2,230 |  | 2,330 | (1000 MT) |
| TS=TD                 |       | 0     |       | 0     |  | 0     |           |

Soybean Meal Import Trade Matrix

**Import Trade Matrix**

**Country**

Korea, Republic of

**Commodity**

Meal, Soybean

Time Period

OCT/SEP

Units:

1,000MT

Imports for:

2008

2009

U.S.

143

U.S.

409

Others

Others

|           |      |           |     |
|-----------|------|-----------|-----|
| Brazil    | 1020 | Brazil    | 771 |
| India     | 223  | India     | 97  |
| Argentina | 357  | Argentina | 340 |
| China     | 55   | China     | 97  |
|           |      |           |     |
|           |      |           |     |
|           |      |           |     |
|           |      |           |     |
|           |      |           |     |

Total for Others

1655

1305

Others not Listed

0

4

Grand Total

1798

1718

Source: Korea Customs Service (KCS)

Rapeseed Meal PS&D

|                   |                    |           |           |           |
|-------------------|--------------------|-----------|-----------|-----------|
| Meal, Rapeseed of | Korea, Republic of | 2009/2010 | 2010/2011 | 2011/2012 |
|-------------------|--------------------|-----------|-----------|-----------|

|                       | Market Year Begin:<br>Oct 2009 |             | Market Year Begin:<br>Oct 2010 |             | Market Year Begin:<br>Oct 2011 |             |           |
|-----------------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|-------------|-----------|
|                       | USDA<br>Official               | New<br>Post | USDA<br>Official               | New<br>Post | USDA<br>Official               | New<br>Post |           |
| Crush                 | 1                              | 1           | 1                              | 1           |                                | 1           | (1000 MT) |
| Extr. Rate, 999.9999  | 1.                             | 1.          | 1.                             | 1.          |                                | 1.          | (PERCENT) |
| Beginning Stocks      | 40                             | 40          | 10                             | 56          |                                | 57          | (1000 MT) |
| Production            | 1                              | 1           | 1                              | 1           |                                | 1           | (1000 MT) |
| MY Imports            | 321                            | 321         | 350                            | 300         |                                | 320         | (1000 MT) |
| MY Imp. from U.S.     | 0                              | 0           | 0                              | 0           |                                | 0           | (1000 MT) |
| MY Imp. from EU       | 0                              | 0           | 0                              | 0           |                                | 0           | (1000 MT) |
| Total Supply          | 362                            | 362         | 361                            | 357         |                                | 378         | (1000 MT) |
| MY Exports            | 0                              | 0           | 0                              | 0           |                                | 0           | (1000 MT) |
| MY Exp. to EU         | 0                              | 0           | 0                              | 0           |                                | 0           | (1000 MT) |
| Industrial Dom. Cons. | 46                             | 0           | 46                             | 0           |                                | 0           | (1000 MT) |
| Food Use Dom. Cons.   | 0                              | 0           | 0                              | 0           |                                | 0           | (1000 MT) |
| Feed Waste Dom. Cons. | 306                            | 306         | 305                            | 300         |                                | 320         | (1000 MT) |
| Total Dom. Cons.      | 352                            | 306         | 351                            | 300         |                                | 320         | (1000 MT) |
| Ending Stocks         | 10                             | 56          | 10                             | 57          |                                | 58          | (1000 MT) |
| Total Distribution    | 362                            | 362         | 361                            | 357         |                                | 378         | (1000 MT) |
| CY Imports            | 320                            | 309         | 320                            | 300         |                                | 320         | (1000 MT) |
| CY Imp. from U.S.     | 0                              | 0           | 0                              | 0           |                                | 0           | (1000 MT) |
| CY Exports            | 0                              | 0           | 0                              | 0           |                                | 0           | (1000 MT) |
| CY Exp. to U.S.       | 0                              | 0           | 0                              | 0           |                                | 0           | (1000 MT) |
| SME                   | 250                            | 218         | 250                            | 213         |                                | 228         | (1000 MT) |
| TS=TD                 |                                | 0           |                                | 0           |                                | 0           |           |

Rapeseed Meal Import Trade Matrix

Import Trade Matrix

Country Korea, Republic of  
Commodity Meal, Rapeseed

Time Period OCT/SEP Units: 1,000MT  
Imports for: 2008 2009  
U.S. 0 U.S. 0  
Others Others

|       |     |        |     |
|-------|-----|--------|-----|
| India | 285 | India  | 190 |
| China | 77  | China  | 99  |
|       |     | Canada | 22  |
|       |     |        |     |
|       |     |        |     |
|       |     |        |     |
|       |     |        |     |
|       |     |        |     |
|       |     |        |     |

Total for Others 362 311

Others not Listed

8

9

Grand Total

370

320

Source: Korea Customs Service (KCS)

| Korea: Soybean Meal Production <sup>1/</sup><br>(Metric Ton) |          |          |          |
|--|----------|----------|----------|
| Month  | MY 08/09 | MY 09/10 | MY 10/11 |
| October  | 44,042   | 53,505   | 69,042   |
| November   | 48,466   | 47,935   | 60,469   |
| December   | 55,626   | 50,209   | 65,066   |
| January  | 55,991   | 57,869   | Na       |
| February   | 55,277   | 51,276   | Na       |
| March  | 54,888   | 54,132   | Na       |
| April  | 47,882   | 58,278   | Na       |
| May  | 57,580   | 50,042   | Na       |
| June   | 64,737   | 57,433   | Na       |
| July   | 65,300   | 57,322   | Na       |
| August   | 64,163   | 61,316   | Na       |
| September  | 59,187   | 69,907   | Na       |
| Total  | 673,138  | 669,223  | Na       |
| Extraction Rate  | 73.32%   | 73.82%   | Na       |

Source: Korea Soybean Processing Association

1/ based on crushers' applicable extraction rate

| Korea: Feed Ingredients Use for Animal<br>(October/September Basis) |               |             |               |             |
|---|---------------|-------------|---------------|-------------|
| Items   | MY 2008/09    |             | MY 2009/2010  |             |
|   | 1,000 MT      | Percent     | 1,000 MT      | Percent     |
| <b>Total Grains and Grain Substitution</b>                          | <b>10,319</b> | <b>63.2</b> | <b>10,954</b> | <b>63.4</b> |
| - Wheat   | 1,416         | 8.7         | 2,105         | 12.5        |
| - Corn  | 6,368         | 39.0        | 6,361         | 36.9        |
| - Others  | 2,535         | 15.5        | 2,488         | 14.0        |
| <b>Total Vegetable Protein</b>                                      | <b>4,190</b>  | <b>25.7</b> | <b>4,414</b>  | <b>25.6</b> |
| - Soybean Meal 1/   | 2,271         | 13.9        | 2,176         | 12.6        |
| - Rapeseed Meal   | 386           | 2.4         | 306           | 1.8         |
| - Cottonseed Meal   | 8             | 0.0         | 5             | 0.0         |
| - Palm Kernel Meal  | 502           | 3.1         | 596           | 3.5         |
| - Copra Meal  | 389           | 2.4         | 523           | 3.0         |
| - Sesame Meal   | 17            | 0.1         | 15            | 0.1         |
| - Perilla seed Meal   | 6             | 0.0         | 5             | 0.0         |
| - Corn Gluten Meal  | 79            | 0.5         | 86            | 0.5         |
| DDGS  | 305           | 1.9         | 474           | 2.7         |
| - Others  | 227           | 1.4         | 228           | 1.3         |
| <b>Total Animal Protein</b>   | <b>130</b>    | <b>0.8</b>  | <b>128</b>    | <b>0.7</b>  |
| - Fish meal   | 28            | 0.2         | 23            | 0.1         |
| - Meat & Bone Meal  | 18            | 0.1         | 18            | 0.1         |
| - Others  | 84            | 0.5         | 87            | 0.5         |

|                            |               |              |               |              |
|----------------------------|---------------|--------------|---------------|--------------|
| <b>Total Others</b>        | <b>1,695</b>  | <b>10.4</b>  | <b>1,759</b>  | <b>10.3</b>  |
| <b>TOTAL COMPOUND FEED</b> | <b>16,334</b> | <b>100.0</b> | <b>17,255</b> | <b>100.0</b> |

Source: Korea Feed Association

1/ include dehulled soybean meal

| Korea: Imports of Major Protein Meals<br>(October/September) |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
|  | MY 2008/09       |                  | MY 2009/2010     |                  |
|  | Volume(MT)       | Value(1,000\$)   | Volume(MT)       | Value(1,000\$)   |
| Soybean Meal   | 1,797,962        | 756,308          | 1,718,345        | 718,824          |
| Rapeseed Meal  | 370,422          | 105,070          | 320,634          | 92,673           |
| Fish Meal  | 39,762           | 45,362           | 46,298           | 73,556           |
| Bone Meal  | 326              | 848              | 250              | 561              |
| Cottonseed Meal  | 17,630           | 5,237            | 18,820           | 7,029            |
| Sunflower Seed Meal  | 2,676            | 679              | 124              | 39               |
| Copra Meal   | 356,655          | 71,409           | 566,635          | 78,050           |
| Palm Kernel Meal   | 553,512          | 62,830           | 662,972          | 62,819           |
| Corn Germ Meal   | 20,030           | 3,644            | 3,142            | 670              |
| Others   | 198,095          | 27,365           | 242,351          | 26,291           |
| <b>Total</b>   | <b>3,357,070</b> | <b>1,078,752</b> | <b>3,579,581</b> | <b>1,060,520</b> |
| DDGS   | 334,339          | 77,852           | 508,491          | 122,939          |

Source: Korean Customs Service (KCS)

| Korea: Soybean Meal Imports for Oct.-Dec. by Origin<br>(Unit: MT) |              |                |                |               |            |            |                |
|---|--------------|----------------|----------------|---------------|------------|------------|----------------|
| MY 2010/11  | USA          | Brazil         | Argentina      | India         | China      | Others     | Total          |
| Oct. 2010   | 0            | 76,693         | 55,128         | 3,245         | 40         | 40         | 135,146        |
| Nov   | 0            | 102,752        | 43,442         | 3,539         | 0          | 39         | 149,772        |
| Dec   | 2,058        | 115,471        | 85,469         | 13,187        | 160        | 101        | 216,446        |
| <b>Subtotal</b>   | <b>2,058</b> | <b>294,916</b> | <b>184,039</b> | <b>19,971</b> | <b>200</b> | <b>180</b> | <b>501,364</b> |
| MY 2009/10 a/   | 25,480       | 201,946        | 163,109        | 9,558         | 38,328     | 3,399      | 442,541        |

Source: Korea Customs Service (KCS)

a/ October – December 2009

| Korea: Soybean Meal Contracts under MY 2010/11 Arrival by Origin<br>(Unit: 1,000 MT, as of February 2011) |            |            |           |            |
|---|------------|------------|-----------|------------|
| MY 2010/11  | USA        | SOAM       | India     | Total      |
| Oct. 2010   | 0          | 110        | 0         | 110        |
| Nov   | 0          | 110        | 0         | 110        |
| Dec   | 0          | 110        | 12        | 122        |
| Jan. 2011   | 0          | 0          | 33        | 33         |
| Feb   | 0          | 110        | 30        | 140        |
| Mar   | 165        | 0          | 23        | 188        |
| Apr   | 0          | 0          | 0         | 0          |
| May   | 0          | 165        | 0         | 165        |
| Jun   | 0          | 55         | 0         | 55         |
| <b>Total</b>  | <b>165</b> | <b>660</b> | <b>98</b> | <b>923</b> |

Source: Local Traders

| Korea: Compound Feed Production<br>(October/September, 1,000 mt) |               |               |               |
|--|---------------|---------------|---------------|
| Animal Type  | MY 2008/09    | MY 2009/10    | MY 2010/11 a/ |
| Poultry  | 4,413         | 4,564         | 4,600         |
| Swine  | 5,307         | 5,465         | 4,500         |
| Cattle   | 5,550         | 5,915         | 5,900         |
| Others <sup>b/</sup>   | 1,009         | 1,233         | 1,000         |
| <b>Sub. Total</b>  | <b>16,279</b> | <b>17,177</b> | <b>16,000</b> |
| Aquaculture  | 115           | 114           | 120           |
| Milk Substitute  | 70            | 60            | 60            |
| <b>Grand Total</b>   | <b>16,464</b> | <b>17,351</b> | <b>16,190</b> |

Source: Korea Feed Association (KFA), MIFAFF

a/ FAS/ Seoul forecast

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

| Korea: Applied Tariff Schedule for Oil Cake and Meals<br>(Percent) |              |         |         |         |
|--|--------------|---------|---------|---------|
| Commodity  | H.S. Code    | 2009    | 2010    | 2011    |
| Soybean Meal a/  | 2304.00.0000 | 1.8 (0) | 1.8 (1) | 1.8 (0) |
| Peanut Meal  | 2305.00.0000 | 5       | 5       | 5       |
| Cottonseed Meal  | 2306.10.0000 | 2 (0)   | 2 (1)   | 2       |
| 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       |
| DDGS b/  | 2303.30.0000 | 5 (1)   | 5 (2)   | 5 (1)   |

Source: Korea Customs Service

The figure in parentheses is autonomous quota tariff rate for CY 2011.

a/ The applied duty is assessed on the first 2.7 million tons of soybean meal.

b/ The applied duty is assessed on the first 920,000 tons of residues of brewing or distilling dregs and waste (under HS 2303.30.0000).

## Commodities:

Oil, Soybean

Oil, Palm

**Production:** MY 2011/12 soybean oil production is forecast to remain unchanged from the current year estimate at 166,000 MT due to strong competition from South American oil. In MY 2009/10, soybean oil production stayed at 156,000 MT, down 8 percent from the previous year due mainly to lower crushing yields.

## Consumption:

Soybean oil accounts for about half of the country's total oil consumption. The majority of soybean oil is consumed in the HRI sector and home, and more recently in the biodiesel sector. Palm oil is the second most consumed oil and is primarily used for food processing, especially ramen production, since it is more functional and cheaper than soybean oil. Palm oil has been increasingly used in local biodiesel production.



|                       |     |       |     |        |  |        |           |
|-----------------------|-----|-------|-----|--------|--|--------|-----------|
| Crush                 | 881 | 907   | 913 | 910    |  | 920    | (1000 MT) |
| Extr. Rate, 999.9999  | 0.  | 0.172 | 0.  | 0.1824 |  | 0.1815 | (PERCENT) |
| Beginning Stocks      | 5   | 5     | 24  | 16     |  | 22     | (1000 MT) |
| Production            | 159 | 156   | 165 | 166    |  | 167    | (1000 MT) |
| MY Imports            | 318 | 318   | 300 | 340    |  | 360    | (1000 MT) |
| MY Imp. from U.S.     | 73  | 73    | 65  | 80     |  | 90     | (1000 MT) |
| MY Imp. from EU       | 0   | 0     | 0   | 0      |  | 0      | (1000 MT) |
| Total Supply          | 482 | 479   | 489 | 522    |  | 549    | (1000 MT) |
| MY Exports            | 13  | 13    | 10  | 10     |  | 10     | (1000 MT) |
| MY Exp. to EU         | 0   | 0     | 0   | 0      |  | 0      | (1000 MT) |
| Industrial Dom. Cons. | 60  | 70    | 60  | 110    |  | 130    | (1000 MT) |
| Food Use Dom. Cons.   | 385 | 380   | 393 | 380    |  | 380    | (1000 MT) |
| Feed Waste Dom. Cons. | 0   | 0     | 0   | 0      |  | 0      | (1000 MT) |
| Total Dom. Cons.      | 445 | 450   | 453 | 490    |  | 510    | (1000 MT) |
| Ending Stocks         | 24  | 16    | 26  | 22     |  | 29     | (1000 MT) |
| Total Distribution    | 482 | 479   | 489 | 522    |  | 549    | (1000 MT) |
| CY Imports            | 325 | 325   | 300 | 350    |  | 370    | (1000 MT) |
| CY Imp. from U.S.     | 66  | 53    | 65  | 80     |  | 90     | (1000 MT) |
| CY Exports            | 16  | 18    | 8   | 10     |  | 10     | (1000 MT) |
| CY Exp. to U.S.       | 0   | 0     | 0   | 0      |  | 0      | (1000 MT) |

### Soybean Oil Import Trade Matrix

#### Import Trade Matrix

**Country**

Korea, Republic of

**Commodity**

Oil, Soybean

Time Period

OCT/SEP

Units:

1,000MT

Imports for:

2008

2009

U.S.

16

U.S.

73

Others

Others

|           |     |           |     |
|-----------|-----|-----------|-----|
| Argentina | 239 | Argentina | 228 |
| Brazil    | 1   | Brazil    | 10  |
|           |     |           |     |
|           |     |           |     |
|           |     |           |     |
|           |     |           |     |
|           |     |           |     |
|           |     |           |     |
|           |     |           |     |

Total for Others

240

238

Others not Listed

10

7

Grand Total

266

318

Source: Korea Customs Service (KCS)

| Oil, Palm<br>of<br>Korea, Republic | 2009/2010                      |             | 2010/2011                      |             | 2011/2012                         |          |                 |
|------------------------------------|--------------------------------|-------------|--------------------------------|-------------|-----------------------------------|----------|-----------------|
|                                    | Market Year Begin:<br>Oct 2009 |             | Market Year Begin:<br>Oct 2010 |             | Market Year<br>Begin: Oct<br>2011 |          |                 |
|                                    | USDA<br>Official               | New<br>Post | USDA<br>Official               | New<br>Post | USDA Official                     | New Post |                 |
| Area Planted                       | 0                              | 0           | 0                              | 0           |                                   | 0        | (1000<br>HA)    |
| Area Harvested                     | 0                              | 0           | 0                              | 0           |                                   | 0        | (1000<br>HA)    |
| Trees                              | 0                              | 0           | 0                              | 0           |                                   | 0        | (1000<br>TREES) |
| Beginning Stocks                   | 17                             | 17          | 37                             | 18          |                                   | 18       | (1000<br>MT)    |
| Production                         | 0                              | 0           | 0                              | 0           |                                   | 0        | (1000<br>MT)    |
| MY Imports                         | 281                            | 281         | 260                            | 300         |                                   | 320      | (1000<br>MT)    |
| MY Imp. from U.S.                  | 0                              | 0           | 0                              | 0           |                                   | 0        | (1000<br>MT)    |
| MY Imp. from EU                    | 0                              | 0           | 0                              | 0           |                                   | 0        | (1000<br>MT)    |
| Total Supply                       | 298                            | 298         | 297                            | 318         |                                   | 338      | (1000<br>MT)    |
| MY Exports                         | 0                              | 0           | 0                              | 0           |                                   | 0        | (1000<br>MT)    |
| MY Exp. to EU                      | 0                              | 0           | 0                              | 0           |                                   | 0        | (1000<br>MT)    |
| Industrial Dom. Cons.              | 30                             | 100         | 30                             | 120         |                                   | 140      | (1000<br>MT)    |
| Food Use Dom. Cons.                | 221                            | 180         | 235                            | 180         |                                   | 180      | (1000<br>MT)    |
| Feed Waste Dom. Cons.              | 10                             | 0           | 10                             | 0           |                                   | 0        | (1000<br>MT)    |
| Total Dom. Cons.                   | 261                            | 280         | 275                            | 300         |                                   | 320      | (1000<br>MT)    |
| Ending Stocks                      | 37                             | 18          | 22                             | 18          |                                   | 18       | (1000<br>MT)    |
| Total Distribution                 | 298                            | 298         | 297                            | 318         |                                   | 338      | (1000<br>MT)    |
| CY Imports                         | 220                            | 281         | 260                            | 300         |                                   | 320      | (1000<br>MT)    |
| CY Imp. from U.S.                  | 0                              | 0           | 0                              | 0           |                                   | 0        | (1000<br>MT)    |
| CY Exports                         | 0                              | 0           | 0                              | 0           |                                   | 0        | (1000<br>MT)    |
| CY Exp. to U.S.                    | 0                              | 0           | 0                              | 0           |                                   | 0        | (1000<br>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:      | 2008 | U.S.      | 2009 |
|-------------------|------|-----------|------|
| U.S.              | 0    | U.S.      | 0    |
| Others            |      | Others    |      |
| Malaysia          | 250  | Malaysia  | 258  |
| Indonesia         | 1    | Indonesia | 23   |
|                   |      |           |      |
|                   |      |           |      |
|                   |      |           |      |
|                   |      |           |      |
|                   |      |           |      |
|                   |      |           |      |
|                   |      |           |      |
| Total for Others  | 251  |           | 281  |
| Others not Listed | 1    |           | 0    |
| Grand Total       | 252  |           | 281  |

Source: Korea Customs Service (KCS)

| Korea: Vegetable Oil Production 1/<br>(Metric Ton) |            |            |            |
|--|------------|------------|------------|
| Commodities  | MY 2007/08 | MY 2008/09 | MY 2009/10 |
| Soybean Oil  | 173,600    | 168,891    | 155,900    |
| Corn Oil   | 33,475     | 31,360     | 43,680     |
| Sesame Oil   | 19,724     | 23,737     | 20,110     |
| Rice Bran Oil                                      | 10,000     | 10,000     | 10,000     |
| Rapeseed Oil                                       | 333        | 567        | 738        |
| Perilla Seed Oil                                   | 20,266     | 19,560     | 18,596     |
| Total  | 257,398    | 254,115    | 249,024    |

Source: Foreign Agriculture Service, Seoul, Korea  
1/ FAS/Seoul estimates

| Korea: Soybean Oil Production<br>(Metric Ton) |          |          |          |
|---|----------|----------|----------|
| Month   | MY 08/09 | MY 09/10 | MY 10/11 |
| October                                       | 9,697    | 11,000   | 16,000   |
| November                                      | 14,825   | 12,500   | 14,800   |
| December                                      | 15,769   | 13,000   | 16,800   |
| January                                       | 14,600   | 14,200   | Na       |
| February                                      | 14,400   | 13,000   | Na       |
| March   | 12,800   | 12,400   | Na       |
| April   | 11,000   | 11,800   | Na       |
| May   | 12,800   | 11,200   | Na       |
| June  | 16,200   | 12,000   | Na       |
| July  | 16,100   | 15,000   | Na       |
| August  | 15,700   | 14,300   | Na       |
| September                                     | 15,000   | 15,500   | Na       |
| Total   | 168,891  | 155,900  | Na       |
| Extraction Rate                               | 18.40%   | 17.20%   | Na       |

Source: Korea Soybean Processing Association (KSPA)

| Korea: Total Supply of Edible Oils<br>(Metric Ton) |            |            |            |
|--|------------|------------|------------|
| Commodity  | MY 2007/08 | MY 2008/09 | MY 2009/10 |
| Soybean Oil  | 469,851    | 435,139    | 473,890    |
| Palm Oil   | 203,020    | 251,880    | 281,312    |
| Corn Oil   | 34,993     | 33,780     | 45,784     |
| Rapeseed Oil                                       | 50,114     | 46,962     | 62,638     |
| Coconut Oil  | 60,705     | 57,611     | 59,458     |
| Olive Oil  | 12,203     | 9,307      | 11,254     |
| Cottonseed Oil                                     | 7,569      | 99         | 840        |
| Sesame Oil   | 20,220     | 24,087     | 20,468     |
| Rice Bran Oil                                      | 18,709     | 21,260     | 22,065     |
| Perilla Seed Oil                                   | 20,870     | 20,121     | 19,024     |
| Fish Oil   | 9,832      | 17,449     | 11,651     |
| Sunflower Oil                                      | 12,465     | 14,487     | 20,690     |
| Total  | 920,551    | 932,182    | 1,029,074  |

Source: Foreign Agriculture Service, Seoul, Korea

| Korea: Fats and Oils Imports<br>(MT & US\$ 1,000, Oct/Sep) |            |         |            |         |
|--|------------|---------|------------|---------|
| Commodity  | MY 2008/09 |         | MY 2009/10 |         |
|  | Volume     | Value   | Volume     | Value   |
| Palm Oil   | 251,880    | 188,793 | 281,312    | 223,702 |
| Tallow   | 102,512    | 69,619  | 95,697     | 71,502  |
| Coconut Oil  | 57,611     | 51,338  | 59,012     | 52,610  |
| Cottonseed Oil   | 99         | 155     | 840        | 1,077   |
| Fish Oil   | 16,449     | 26,922  | 10,651     | 24,005  |
| Soy Oil  | 266,139    | 260,477 | 317,990    | 275,188 |
| Corn Oil   | 2,420      | 2,336   | 2,104      | 2,259   |
| Rapeseed Oil   | 45,395     | 49,455  | 61,883     | 59,668  |
| Palm Kernel Oil  | 8,353      | 7,025   | 6,776      | 7,211   |
| Rice Bran Oil  | 11,260     | 15,414  | 12,605     | 14,694  |
| Castor Oil   | 4,008      | 5,713   | 6,507      | 10,300  |
| Linseed Oil  | 5,223      | 7,009   | 6,291      | 6,801   |
| Sunflower Oil  | 14,487     | 22,177  | 20,690     | 28,855  |
| Safflower Oil  | 42         | 227     | 49         | 274     |
| Olive Oil  | 9,307      | 31,794  | 11,254     | 26,957  |
| Jobba Oil  | 36         | 458     | 60         | 701     |
| Peanut Oil   | 38         | 177     | 25         | 97      |
| Sesame Oil   | 323        | 1,167   | 358        | 1,258   |
| Perilla Oil  | 561        | 960     | 428        | 986     |
| Camellia Oil   | 14         | 114     | 13         | 205     |
| Babassu Oil  | 2          | 10      | 2          | 32      |
| Other Oil  | 22,348     | 65,404  | 21,145     | 63,884  |

|       |         |         |         |         |
|-------|---------|---------|---------|---------|
| Total | 818,505 | 806,734 | 915,692 | 872,266 |
|-------|---------|---------|---------|---------|

Source: Korea Customs Service (KCS)

| Korea: Soybean Oil Imports for Oct.-Dec. by Origin<br>(Unit: MT) |           |               |           |            |               |
|--|-----------|---------------|-----------|------------|---------------|
| MY 2010/11   | USA       | Argentina     | Brazil    | Others     | Total         |
| Oct. 2010  | 31        | 28,015        | 22        | 119        | 28,187        |
| Nov  | 10        | 36,326        | 0         | 55         | 36,391        |
| Dec  | 3         | 30,227        | 0         | 98         | 30,328        |
| <b>Subtotal</b>  | <b>44</b> | <b>94,568</b> | <b>22</b> | <b>272</b> | <b>94,906</b> |
| MY2009/10 a/   | 20,199    | 55,436        | 10,044    | 2,062      | 87,741        |

Source: Korea Customs Service (KCS)

a/ October – December 2009

| Korea: Applied Tariff Schedule For Fats And Oils<br>(Percent) |              |              |      |              |
|---|--------------|--------------|------|--------------|
| Commodity   | H.S. Code    | General Rate | 2010 | 2011         |
| 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 | 5.4          | 5.4  | 5.4 (0) a/d/ |
| Soybean Oil For Biodiesel, Crude                              | 1507.10.2000 | 5.4          | 5.4  | 5.4          |
| Soybean Oil for Other, Crude                                  | 1507.10.9000 | 5.4          | 5.4  | 5.4          |
| Soybean Oil for Food, Refined                                 | 1507.90.1010 | 5.4          | 5.4  | 5.4          |
| Soybean Oil For Biodiesel, Refined                            | 1507.90.1020 | 5.4          | 5.4  | 5.4          |
| Soybean Oil for Other, Refined                                | 1507.90.1090 | 5.4          | 5.4  | 5.4          |
| Soybean Oil, Other  | 1507.90.9000 | 8            | 8    | 8            |
| Peanut Oil  | 1508.xx.xxxx | 27           | 27   | 27           |
| Olive Oil   | 1509.xx.xxxx | 8            | 8    | 8 (0) a/     |
| Palm Crude Oil  | 1511.10.0000 | 3            | 3    | 3            |
| Palm Oil  | 1511.90.xxxx | 2            | 2    | 2            |
| Sunflower Oil   | 1512.1x.xxxx | 10           | 10   | 10 (0) a/    |
| Safflower Oil   | 1512.1x.xxxx | 8            | 8    | 8 (4) a/     |
| Cotton Seed Oil   | 1512.2x.xxxx | 5.4          | 5.4  | 5.4          |
| Coconut Oil   | 1513.1x.xxxx | 3            | 3    | 3            |
| Palm Kernel Oil   | 1513.2x.xxxx | 8            | 5    | 5            |
| Rapeseed Oil, Crude   | 1514.11.0000 | 8            | 8    | 8 (0) a/     |
| Rapeseed Oil, Refined b/                                      | 1514.19.xxxx | 10           | 10   | 10           |
| Rapeseed Oil, Other, Crude                                    | 1514.91.1000 | 8            | 8    | 8 (0) a/     |
| Linseed Oil   | 1515.1x.xxxx | 8            | 8    | 8            |
| Corn Oil  | 1515.2x.xxxx | 8            | 8    | 8 (0) a/     |
| Castor Oil  | 1515.30.xxxx | 8            | 8    | 8            |
| Tung Oil  | 1515.40.xxxx | 8            | 8    | 8            |
| Sesame Oil c/   | 1515.50.xxxx | 40           | 40   | 40           |
| Perilla Seed Oil  | 1515.90.1000 | 36           | 36   | 36           |
| Other   | 1515.90.xxxx | 8            | 8    | 8 (0) a/e/   |

Source: Korea Customs Research Institute, Tariff Schedules for Korea

a/ The figure in parentheses is autonomous quota tariff rate assessed on the unlimited vegetable oils imported for the first half of CY 2011.

b/ under HS Code 1514.19.1000, 1514.19.9000 and 1514.19.9000.

c/ In-Quota tariff rate. Quota is 668 tons. The out-of-quota tariff rate is 630 percent or 12,060 Won/Kg, whichever is greater.  
d/ food purpose  
e/ Grape seed oil