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Korea, Republic of

Grain and Feed

Rice Production Update

2008

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Report Highlights:

Favorable weather helped raise MY 2008/09 rice production to 4.84 million metric tons, up 10 percent from the previous year. Increased production will push MY 2008/09 ending stocks to 1.15 million metric tons, their highest level in 15-years. Stocks could return to more normal levels, around 600,000-700,000 metric tons, if aid shipments to North Korea resume. If stocks levels, however, remain unchanged local rice prices are expected to soften thereby narrowing the price gap between Korean and U.S. rice.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Quarterly Report
Seoul [KS1]
[KS]

Production:

The Korean Ministry for Food, Agriculture, Forestry and Fisheries (MIFAFF) recently released the final rice production estimate after conducting a nationwide survey of 4,130 rice producers. The survey revealed that even though acreage planted declined, production increased 10 percent to 4.84 million metric tons (MMT) in large part due to favorable weather conditions throughout the growing season. The PSD has been updated accordingly.

Korea: Rice Area, Yield and Production			
Crop Year	Area (1,00HA)	Yield (KG/HA)	Production (Milled, 1,000 MT)
2005	980	4900	4,768
2006	955	4890	4,680
2007	950	4640	4,408
2008 a/	936	5180	4,843

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

a/ MIFFAF preliminary

Korea: 2008 Rice Area, Yield and Production			
Type of Rice Land	Area	Yield (KG/HA)	Production (Milled, MT)
Paddy Rice	927,995	5,200	4,825,078
Upland Rice	7,771	2,368	18,400
Total	935,766	5,176	4,843,478

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

Consumption:

Per capita table rice consumption continues to decline as eating habits change due to rising incomes and the growing popularity of Western foods. FAS/Seoul forecasts MY 2008/09 per capita table rice consumption at 74.5 Kg, down 45 percent from its peak of 136.4 Kg in 1970.

About 80 percent of domestic production is used as table rice, most of which is short grain rice. MY 2008/09 table rice consumption is forecast at 3.7 million metric tons, down slightly from the previous year.

The rice processing industry has come to depend on imported rice for more than half of its needs. The majority of imported rice is used in rice cake and alcohol production. MY 2008/09 processing rice consumption is projected to fall to about 350,000 metric tons (milled) due to slower than anticipated liquor production. Some of the rice formerly used by the alcohol industry will be absorbed by the growing food processing industry.

Korea: Rice Utilization Pattern (1,000 MT, milled)				
Rice Year (Nov.- Oct.)	MY 2005/06	MY 2006/07 ^{a/}	MY 2007/08 ^{b/}	MY 2008/09 ^{c/}
Table Rice	3,860	3,789	3,730	3,670
Processing	373	424	374	346
(for food)	(202)	(222)	(237)	(261)
(for liquor)	(171)	(202)	(137)	(85)
Seed	41	41	40	40
Other, including loss	566	633	532	600 ^{d/}
Total Demand	4,840	4,887	4,676	4,656
Per Capita Table Rice Consumption (Kg)	78.8	76.9	75.8	74.5

Source: MIFAFF

a/ Revised

b/ Preliminary

c/ Forecast

d/ FAS/Seoul Forecast

Stocks:

Increased production will push MY 2008/09 ending stocks to their highest level in 15-years to 1.15 MMT, which is nearly 25 percent of total consumption. Most of the increase has been added to the civil stocks category until it becomes clear how the stocks will be utilized.

South Korea could draw on these higher stocks for food aid shipments to North Korea rather than turning to the international market as has been done in the past when stocks are tight. Should South Korea resume its earlier practice of sending 400,000 MT of rice aid to North Korea rice stocks would return to more normal levels seen in recent years, around 600,000-700,000 MT.

If stocks levels, however, remain unchanged prices are expected to soften thereby narrowing the price gap between Korean and U.S. rice. As these prices converge, sales of U.S. table rice could slow.

Government efforts to promote rice-based alcohol production pushed ending stocks of imported rice down dramatically from MY 2003/04 to 2007/08. However, the government has since scaled back its promotion efforts since MY 2008/09 imported stocks are forecast at an all time low of 70 metric tons.

Korea: Status of Rice Stocks						
(Milled rice, 1,000 MT, as of end October)						
Rice Year (Nov.-Oct.)	2003/04	2004/05	2005/06	2006/07 a/	2007/08 b/	2008/09 b/
Total	850	817	815	702	683	1,150
Government Stock	842	641	705	596	573	651
-Domestic Rice	346	113	493	456	502	581
-Imported Rice	496	528	212	140	71	70
Civil Stock	8	176	110	106	110	499

Source: FAS estimate based on MIFAFF data

a/ preliminarily

b/ forecast

Rice PSD

Rice, Milled Korea, Republic of	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Nov 2006			Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			
	Annual Data Displayed	New Post	Data	Annual Data Displayed	New Post	Data	Annual Data Displayed	Jan	Data	
Area Harvested	955	955	955	950	950	950	935	936	936	(1000 HA)
Beginning Stocks	815	815	815	690	690	702	712	712	683	(1000 MT)
Milled Production	4,680	4,680	4,680	4,408	4,408	4,408	4,840	4,600	4,843	(1000 MT)
Rough Production	6,306	6,306	6,306	5,962	5,962	5,962	6,541	6,216	6,545	(1000 MT)
Milling Rate (.9999)	7,422	7,422	7,422	7,393	7,393	7,393	7,400	7,400	7,400	(1000 MT)
MY Imports	242	255	255	249	249	249	285	280	280	(1000 MT)
TY Imports	265	242	242	270	257	257	290	290	290	(1000 MT)
TY Imp. from U.S.	0	65	65	0	71	71	0	72	72	(1000 MT)
Total Supply	5,737	5,750	5,750	5,347	5,347	5,359	5,837	5,592	5,806	(1000 MT)
MY Exports	161	161	161	0	0	0	0	0	0	(1000 MT)
TY Exports	161	161	161	0	0	0	0	0	0	(1000 MT)
Total Consumption	4,886	4,899	4,887	4,635	4,635	4,676	4,780	4,540	4,656	(1000 MT)
Ending Stocks	690	690	702	712	712	683	1,057	1,052	1,150	(1000 MT)
Total Distribution	5,737	5,750	5,750	5,347	5,347	5,359	5,837	5,592	5,806	(1000 MT)
Yield (Rough)	7.	7.	6.6031	6.	6.	6.2758	7.	7.	6.9925	(MT/HA)