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GAIN Report

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Voluntary Public

Date: 5/6/2015

GAIN Report Number: KS1518

Korea - Republic of

Post: Seoul

Agriculture Minister's Comments on Rice and TPP

Report Categories:

Trade Policy Monitoring

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Report Highlights:

Korean Minister of Agriculture, Food and Rural Affairs, Lee Dong-Phil, stated in a recent press interview that the Korean government is “firmly set on excluding rice from the Trans-Pacific Partnership (TPP) list of tariff concession.” This follows previous statements over the past year about excluding rice from all future bilateral and multilateral trade agreements such as the TPP.

General Information:

In a recent press interview, Korean Minister of Agriculture, Food and Rural Affairs, Lee Dong-Phil, reiterated the Korean's government's stance on excluding rice from all future bilateral and multilateral trade agreements such as the Trans-Pacific Partnership (TPP). The Minister was responding to concerns from Korea's farming sector over speculation that Korea may have to lower its trade barriers on rice imports in order to gain entry into TPP. Korea is keeping a close eye on U.S. negotiations with Japan on rice.

Korea, as of January 1, 2015, liberalized its rice market by imposing a 513% tariff duty on out-of-quota imports and eliminated previous country-specific quotas for the United States, China, Australia and Thailand. As such, the mandated import quota of 408,700 MT has now been globalized. Five countries including the afore-mentioned plus Vietnam filed reservations with the WTO over Korea's new tariff regime. Minister Lee noted Korea must now negotiate with the five respective countries in order to persuade them to verify its new tariff schedule, stating that "the tariff rate was calculated in accordance with the WTO's official formula, respective of the principles of the global market order."

Noting that rice is integral to the Korean agricultural economy, involving 1.1 million farming households, Minister Lee said that importing more rice will destroy Korean rice producers. He further stated that because rice consumption in Korea keeps declining every year, the country suffers from an oversupply.

Minister Lee believes that it is important for the Korean government to join TPP as the big picture benefits of an open economy and global markets offer opportunities to Korean producers to further sell their products. However, it appears the Korean government is only willing to join TPP with the caveat of not including rice as part of the negotiations.