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**Working Party on State Trading Enterprises**

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## STATE TRADING

### NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVII:4(A) OF THE GATT 1994 AND PARAGRAPH 1 OF THE UNDERSTANDING ON THE INTERPRETATION OF ARTICLE XVII

REPUBLIC OF KOREA

The following communication, dated 6 October 2020, is being circulated at the request of the delegation of the Republic of Korea, in response to the call for notifications set forth in document G/STR/N/18.

Pursuant to Article XVII:4(a) of GATT 1994 and Paragraph 1 of the Understanding on the Interpretation of Article XVII, the Republic of Korea makes the following full and new notification of its state trading enterprises for 2018 and 2019 (G/STR/N/18/KOR).

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**I. MINISTRY OF AGRICULTURE, FOOD AND RURAL AFFAIRS, MAFRA****1. Description of Products Affected**

Products	HS number*	Products	HS number*
Rice	1006.10.0000	Rice	1103.20.2000
	1006.20.1000		1104.19.1000
	1006.20.2000		1806.90.2290
	1006.30.1000		1806.90.2999
	1006.30.2000		1901.20.1000
	1006.40.0000		1901.20.9000
	1102.90.2000		1901.90.9091
	1103.19.3000		1901.90.9099

**2. Reason and Purpose****A. Reason or purpose for establishing and/or maintaining state trading enterprise**

The MAFRA has exclusive rights to the importation of rice in order to avoid domestic market disturbances caused by a sudden influx of imported rice and to ensure a smooth implementation of the Uruguay Round commitments.

**B. Summary of legal basis for granting the relevant exclusive or special rights or privileges, including legal provisions and summary of statutory or constitutional powers**

Legal provision: Articles 12 and 13 of the Grain Management Act.

**3. Description of the Functioning of the State Trading Enterprise****A. Summary statement providing overview of operations of state trading**

Imports are conducted within the limit of quotas on rice as established in Korea's Country Schedule (C/S).

**B. Specification of exclusive or special rights or privileges enjoyed by the state trading enterprise**

The MAFRA has the exclusive rights to the importation of rice as established in Korea's C/S in accordance with the Grain Management Act.

**C. Type of entities other than the state trading enterprise that are allowed to engage in importation/exportation and conditions for participation**

Not applicable.

**D. How import/export levels are established by the state trading enterprise**

Import in accordance with the tariff quotas set in Korea's C/S.

**E. How export prices are determined**

Not applicable.

**F. How the resale prices of imported products are determined**

The domestic sales prices of rice for household use are determined by open auction.

The domestic sales prices of rice for processing are determined by the MAFRA based on import prices, management costs, domestic consumer prices, consumer preference and the level of demand of processing companies.

- G. Whether long-term contracts are negotiated by the state trading enterprise or whether the state trading enterprise is used to fulfill contractual obligations entered into by the government

Long-term contracts are not considered, and equal opportunities are provided to all parties interested in rice export.

- H. Brief description of market structure

Farmers enter into government purchases for public stockholding or sell their crops at their liberty in private markets.

#### 4. Statistical Information (see attached Tables I-III)

- A. Table I: Statistical Information, Imports.

- B. Table II: Statistical Information, Exports.

Not applicable.

- C. Table III: Statistical Information, Domestic Activities.

#### 5. Reason why no foreign trade has taken place

Not applicable.

#### 6. Additional Information

Not applicable.

## II. THE KOREA AGRO-FISHERIES & FOOD TRADE CORPORATION (aT)

### 1. Description of Products Affected

Products	HS Number	Products	HS Number
Genus Capsicum	0904.21.0000	Soya beans	1201.90.3000 1201.90.9000
Garlic	0703.20.9000 0712.90.1000	Green beans Small red beans	0713.31.9000 0713.32.9000
Onions	0703.10.1000 0712.20.0000	Buckwheat	1008.10.0000
Sesamum seeds	1207.40.0000	Potatoes (Other)	0701.90.0000

### 2. Reason and Purpose

- A. Reason or purpose for establishing and/or maintaining state trading enterprise

The aT was established in 1967 under the Agro-Fisheries Marketing Corporation Act to stabilize the domestic market prices of agricultural and fishery products, promote exports, administer imports, improve marketing and foster the food industry.

The aT is designated as an import agency to administer tariff quotas on relevant items (small red beans, buckwheat, etc.) in order to stabilize the domestic market and to ensure the smooth implementation of the UR commitments.

- B. Summary of legal basis for granting the relevant exclusive or special rights or privileges, including legal provisions and summary of statutory or constitutional powers

Legal provision: Article 15 and 16 of the Agro-Fisheries Marketing and Price Stabilization Act/ Articles 12, 13 and 13-2 of the Grain Management Act.

### **3. Description of the Functioning of the State Trading Enterprise**

#### **A. Summary statement providing overview of operations of state trading**

The aT imports tariff quota quantity specified in Korea's C/S.

#### **B. Specification of exclusive or special rights or privileges enjoyed by the state trading enterprise**

Imports & sales of items subject to in-quota tariffs.

#### **C. Type of entities other than the state trading enterprise that are allowed to engage in importation/exportation and conditions for participation**

For sesamum seeds, buckwheat, onion, garlic, green beans, small red beans and soya beans, private companies are allowed to import part of the quotas through open bidding. Open bidding refers to a "public auction" where goods are sold to a participating company which offers the highest price during the auction. For genus capsicum, green beans, small red beans and potatoes, part of tariff quota quantity is allocated to private companies on a first-come, first-served basis.

#### **D. How import/export levels are established by the state trading enterprise**

Imports are carried out by an annual quota quantity as set in Korea's C/S, and certain items (small red beans, soya beans, sesamum seeds, potatoes, etc.) are imported by more than the specified quantity in Korea's C/S, depending on the changes in domestic supply and demand.

#### **E. How export prices are determined**

Not applicable.

#### **F. How the resale prices of imported products are determined**

The resale prices of imported products are determined at the open auction, at a level above 70 % of the wholesale prices, depending on their quality.

#### **G. Whether long-term contracts are negotiated by the state trading enterprise or whether the state trading enterprise is used to fulfill contractual obligations entered into by the government**

Long-term contracts are not considered, and equal opportunities are granted to all countries concerned.

#### **H. Brief description of market structure**

Farmers generally sell crops at their will in private markets.

The products imported by the aT are either sold directly by the aT or through an open bidding or a wholesale auction system.

### **4. Statistical Information (see attached Tables I-III)**

A. Table I: Statistical Information, Imports.

B. Table II: Statistical Information, Exports.

Not applicable.

C. Table III: Statistical Information, Domestic Activities.

### **5. Reason why no foreign trade has taken place**

Not applicable.

**6. Additional Information**

Not applicable.

**TABLE I**

STATE TRADING: MINISTRY OF AGRICULTURE, FOOD AND RURAL AFFAIRS

STATISTICAL INFORMATION, IMPORTS

(unit: mt, US\$, US\$/mt)

Description of product(s) (including HS number(s))	Total quantity imported	Quantity imported by state trading enterprises	Average import price (US\$/mt)	Average representative domestic sales price (US\$/mt)	Mark-up (US\$/mt)	National production
1	2	3	4	5	6	7
Rice (1006.20.1000)	'18: 406,555 '19: 409,666	'18: 406,555 '19: 409,666	'18: 764 '19: 718	'18: 498 '19: 470	'18: - '19: -	'18: 3,972,468 '19: 3,868,045
Rice (1006.30.1000)	'18: 39,800 '19: 40,000	'18: 39,800 '19: 40,000	'18: 934 '19: 929	'18: 1,328 '19: 1,475	'18: - '19: -	
Rice (1006.30.2000)	'18: 3,000 '19: 0	'18: 3,000 '19: 0	'18: 925 '19: -	'18: 1,352 '19: -	'18: - '19: -	

Note 1. Rice: Polished rice basis.

2. Annual average of exchange rate: '18: W 1,100.30/\$, '19: W 1,165.65/\$.

**TABLE III**

STATE TRADING: MINISTRY OF AGRICULTURE, FOOD AND RURAL AFFAIRS

*STATISTICAL INFORMATION, DOMESTIC ACTIVITIES***(unit: mt)**

<b>Description of product(s) (including HS number(s))</b>	<b>Domestic purchase by state trading enterprises</b>	<b>National production</b>	<b>Domestic sales by state trading enterprise</b>	<b>National consumption</b>
1	2	3	4	5
Rice				
(1006.20.1000)	'18: 449,355	'18: 3,972,468	'18: 67,207	'18: 4,816,000
(1006.30.1000)	'19: 449,666	'19: 3,868,045	'19: 68,512	'19: -
(1006.30.2000)				

Note 1. Rice: Polished rice basis.

**TABLE I**

STATE TRADING: KOREA AGRO-FISHERIES &amp; FOOD TRADE CORPORATION(aT)

STATISTICAL INFORMATION, IMPORTS

(unit: mt, US\$, US\$/mt)

Description of product(s) (including HS number(s))	Total quantity imported	Quantity imported by state trading enterprise	Average import price (US\$/mt)	Average representative domestic sales price (US\$/mt)	Mark up (US\$/mt)	National production
1	2	3	4	5	6	7
1. Soya beans (1201.90.3000) (1201.90.9000)	'18: 237,740 '19: 284,356	'18: 208,835 '19: 200,993	'18: 624 '19: 608	'18: 1,018 '19: 904	'18: 394 '19: 297	'18: 89,410 '19: 105,340
2. Small red beans (0713.32.9000)	'18: 24,347 '19: 23,704	'18: 18,794 '19: 18,594	'18: 1,239 '19: 1,412	'18: 1,953 '19: 1,717	'18: 715 '19: 304	'18: 5,640 '19: 6,816
3. Green beans (0713.31.9000)	'18: 7,477 '19: 6,955	'18: 3,000 '19: 2,000	'18: 1,377 '19: 1,472	'18: 3,814 '19: 3,293	'18: 2,437 '19: 1,821	'18: 2,083 '19: 1,746
4. Buckwheat (1008.10.0000)	'18: 2,263 '19: 2,083	'18: 827 '19: 828	'18: 657 '19: 716	'18: 1,897 '19: 1,665	'18: 1,240 '19: 949	'18: 2,908 '19: 2,137
5. Genus Capsicum (0904.21.0000)	'18: 3,978 '19: 4,343	'18: 0 '19: 0	'18: - '19: -	'18: 7,046 '19: -	'18: - '19: -	'18: 71,509 '19: 78,437

Note 1. Annual average of exchange rate: '18: W 1,100.30/\$, '19: W 1,165.65/\$.  
2. Buckwheat: National production is based on predictive data.



**TABLE I**

STATE TRADING: AGRICULTURAL KOREA AGRO-FISHERIES &amp; FOOD TRADE CORPORATION(aT)

*STATISTICAL INFORMATION, IMPORTS*

(unit: mt, US\$, US\$/mt)

Description of product(s) (including HS number(s))	Total quantity imported	Quantity imported by state trading enterprise	Average import price (US\$/mt)	Average representative domestic sales price(US\$/mt)	Mark up (US\$/mt)	National production
1	2	3	4	5	6	7
6. Garlic (0703.20.9000) (0712.90.1000)	'18: 5,761 '19: 3,219	'18: 0 '19: 399	'18: - '19: 2,497	'18: 841 '19: -	'18: - '19: -	'18: 331,741 '19: 387,671
7. Onions (0703.10.1000) (0712.20.0000)	'18: 59,696 '19: 24,600	'18: 0 '19: 0	'18: - '19: -	'18: 573 '19: -	'18: - '19: -	'18: 1,520,969 '19: 1,594,450
8. Sesamum seeds (1207.40.0000)	'18: 72,063 '19: 76,812	'18: 33,900 '19: 38,177	'18: 2,374 '19: 2,582	'18: 3,182 '19: 3,544	'18: 808 '19: 962	'18: 12,727 '19: 12,986
9. Potatoes (0701.90.0000)	'18: 38,592 '19: 29,695	'18: 3,460 '19: 2,990	'18: 1,589 '19: 1,414	'18: 1,171 '19: 925	'18: -418 '19: -489	'18: 548,065 '19: 630,140

Note 1. Annual average of exchange rate: '18: W 1,100.30/\$, '19: W 1,165.65/\$.

**TABLE III**

STATE TRADING: KOREA AGRO-FISHERIES &amp; FOOD TRADE CORPORATION(aT)

*STATISTICAL INFORMATION, DOMESTIC ACTIVITIES***(unit: mt)**

<b>Description of product(s) (including HS number(s))</b>	<b>Domestic purchases by state trading enterprise</b>	<b>National Production</b>	<b>Domestic sales by state trading enterprise</b>	<b>National consumption</b>
1	2	3	4	5
1. Soya beans (1201.90.3000) (1201.90.9000)	'18: 209,335 '19: 217,080	'18: 89,410 '19: 105,340	'18: 209,534 '19: 206,374	'18: 365,000 '19: 390,000
2. Small red beans (0713.32.9000)	'18: 18,794 '19: 18,595	'18: 5,640 '19: 6,816	'18: 18,081 '19: 16,717	'18: 29,315 '19: 28,650
3. Green beans (0713.31.9000)	'18: 3,000 '19: 2,000	'18: 2,083 '19: 1,746	'18: 2,134 '19: 2,064	'18: 7,688 '19: 8,265
4. Buck wheat (1008.10.0000)	'18: 1,050 '19: 915	'18: 2,908 '19: 2,137	'18: 1,050 '19: 757	'18: 3,010 '19: 4,217
5. Genus Capsicum (0904.21.0000)	'18: 0 '19: 2,685	'18: 71,509 '19: 78,437	'18: 1,795 '19: -	'18: 162,000 '19: -

Note 1. Annual average of exchange rate: '18: W 1,100.30/\$, '19: W 1,165.65/\$.  
 2. National production of Genus Capsicum, Garlic and Onions in 2019 is not available.

**TABLE III**

STATE TRADING: KOREA AGRO-FISHERIES &amp; FOOD TRADE CORPORATION(aT)

*STATISTICAL INFORMATION, DOMESTIC ACTIVITIES***(unit: mt)**

<b>Description of product(s) (including HS number(s))</b>	<b>Domestic purchases by state trading enterprise</b>	<b>National Production</b>	<b>Domestic sales by state trading enterprise</b>	<b>National consumption</b>
1	2	3	4	5
6. Garlic (0703.20.9000) (0712.90.1000)	'18: 49 '19: 16,350	'18: 331,741 '19: 387,671	'18: 7 '19: -	'18: 391,000 '19: -
7. Onions (0703.10.1000) (0712.20.0000)	'18: 6,133 '19: 12,373	'18: 1,520,969 '19: 1,594,450	'18: 9,917 '19: -	'18: 1,589,000 '19: -
8. Sesamum seeds (1207.40.0000)	'18: 33,900 '19: 38,177	'18: 12,727 '19: 12,986	'18: 36,816 '19: 40,053	'18: 95,000 '19: 101,500
9. Potatoes (0701.90.0000)	'18: 4,431 '19: 5,990	'18: 548,065 '19: 630,140	'18: 2,894 '19: 3,261	'18: 585,825 '19: 659,397

Note 1. Annual average of exchange rate: '18: W 1,100.30/\$, '19: W 1,165.65/\$.  
 2. National production of Genus Capsicum, Garlic and Onions in 2019 is not available.