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Working Party on State Trading Enterprises

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STATE TRADING

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 and received on 20 December 2022, is being circulated at the request of the delegation of the Republic of Korea.

Pursuant to Article XVII:4(a) of GATT 1994 and paragraph 1 of the Understanding on the Interpretation of Article XVII, and in response to the call for notifications contained in document G/STR/N/19, the Republic of Korea makes the following full and new notification of its state trading enterprises for 2020 and 2021.

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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	0709.60.1000	Soya beans	1201.90.3000 1201.90.9000
	0709.60.9000		
	0711.90.5091		
	0904.21.0000		
	0904.22.0000		
Garlic	0703.20.1000	Green beans Small red beans	0713.31.1000 0713.31.9000 0713.32.1000 0713.32.9000
	0703.20.9000		
	0711.90.1000		
	0712.90.1000		
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, USD, USD/mt)**

Description of product(s) (including HS number(s))	Total quantity imported	Quantity imported by state trading enterprises	Average import price (USD/mt)	Average representative domestic sales price (USD/mt)	Mark-up (USD/mt)	National production
1	2	3	4	5	6	7
Rice (1006.20.1000)	2020 : 396,889 2021 : 383,000	2020 : 396,889 2021 : 383,000	2020 : 782 2021 : 909	2020 : 464 2021 : 871	-	2020 : 3,507,000 2021 : 3,882,000
Rice (1006.30.1000)	2020 : 40,000 2021 : 44,000	2020 : 40,000 2021 : 44,000	2020 : 970 2021 : 1,391	2020 : 1,457 2021 : 1,610	-	
Rice (1006.30.2000)	2020 : - 2021 : 5,000	2020 : - 2021 : 5,000	2020 : - 2021 : 1,198	2020 : 1,346 2021 : 1,433	-	
Rice (1006.40.0000)	2020 : 11,500 2021 : 15,000	2020 : 11,500 2021 : 15,000	2020 : 499 2021 : 449	2020 : - 2021 : 325	-	

Note 1. Rice: polished rice basis.
 2. Annual average of exchange rate: 2020: W 1,180.05/USD, 2021: W 1,144.42/USD.

TABLE III

STATE TRADING: MINISTRY OF AGRICULTURE, FOOD AND RURAL AFFAIRS

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

Description of product(s) (including HS number(s))	Domestic purchase by state trading enterprises	National production	Domestic sales by state trading enterprise	National consumption
1	2	3	4	5
Rice (1006.20.1000) (1006.30.1000) (1006.30.2000) (1006.40.0000)	2020: 448,389 2021: 447,000	2020: 3,507,000 2021: 3,882,000	2020: 30,266 2021: 69,846	2020: 4,128,000 2021: -

Note 1. Rice: Polished rice basis.

TABLE I

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

STATISTICAL INFORMATION, IMPORTS

(unit: mt, USD, USD/mt)

Description of product(s) (including HS number(s))	Total quantity imported	Quantity imported by state trading enterprise	Average import price (USD/mt)	Average representative domestic sales price (USD/mt)	Mark up (USD/mt)	National production
1	2	3	4	5	6	7
1. Soya beans (1201.90.3000) (1201.90.9000)	2020: 279,733 2021: 276,662	2020: 190,189 2021: 189,077	2020: 665 2021: 806	2020: 894 2021: 912	2020: 228 2021: 105	2020: 80,926 2021: 110,781
2. Small red beans (0713.32.1000) (0713.32.9000)	2020: 20,521 2021: 18,524	2020: 16,000 2021: 14,460	2020: 1,839 2021: 2,708	2020: 1,737 2021: 1,923	2020: 101 2021: 786	2020: 5,809 2021: 6,188
3. Green beans (0713.31.1000) (0713.31.9000)	2020: 9,828 2021: 16,213	2020: 2,000 2021: 2,200	2020: 1,596 2021: 1,876	2020: 3,207 2021: 4,078	2020: 1,611 2021: 2,202	2020: 1,598 2021: 1,918
4. Buckwheat (1008.10.0000)	2020: 2,137 2021: 3,059	2020: 816 2021: 828	2020: 800 2021: 1,127	2020: 1,817 2021: 3,370	2020: 1,017 2021: 2,243	2020: 1,549 2021: 2,377
5. Genus Capsicum (0709.60.1000) (0709.60.9000) (0711.90.5091) (0904.21.0000) (0904.22.0000)	2020: 6,080 2021: 6,114	2020: 0 2021: 0	2020: Not Available 2021: Not Available	2020: Not Available 2021: Not Available	2020: Not Available 2021: Not Available	2020: 60,076 2021: 92,757

Note 1. Annual average of exchange rate: 2020: W 1,180.05/USD, 2021: W 1,144.42/USD.

TABLE I

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

STATISTICAL INFORMATION, IMPORTS

(unit: mt, USD, USD/mt)

Description of product(s) (including HS number(s))	Total quantity imported	Quantity imported by state trading enterprise	Average import price (USD/mt)	Average representative domestic sales price(USD/mt)	Mark up (USD/mt)	National production
1	2	3	4	5	6	7
6. Garlic (0703.20.1000) (0703.20.9000) (0711.90.1000) (0712.90.1000)	2020: 4,224 2021: 5,828	2020: 0 2021: 0	2020: Not Available 2021: Not Available	2020: Not Available 2021: Not Available	2020: Not Available 2021: Not Available	2020: 363,432 2021: 308,532
7. Onions (0703.10.1000) (0712.20.0000)	2020 : 30,877 2021 : 41,189	2020: 0 2021: 0	2020: Not Available 2021: Not Available	2020: Not Available 2021: Not Available	2020: Not Available 2021: Not Available	2020: 1,168,227 2021: 1,576,752
8. Sesamum seeds (1207.40.0000)	2020 : 77,662 2021 : 86,923	2020 : 41,700 2021 : 48,882	2020: 2,158 2021: 2,159	2020: 3,494 2021: 3,675	2020: 1,336 2021: 1,516	2020: 6,795 2021: 10,090
9. Potatoes (0701.90.0000)	2020 : 30,722 2021 : 27,935	2020: Not Available 2021: Not Available	2020: Not Available 2021: Not Available	2020: Not Available 2021: Not Available	2020: Not Available 2021: Not Available	2020: 553,194 2021: 497,755

Note 1. Annual average of exchange rate: 2020: W 1,180.05/USD, 2021: W 1,144.42/USD.

TABLE III

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

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

Description of product(s) (including HS number(s))	Domestic purchases by state trading enterprise	National Production	Domestic sales by state trading enterprise	National consumption
1	2	3	4	5
1. Soya beans (1201.90.3000) (1201.90.9000)	2020: 191,368 2021: 192,487	2020: 80,926 2021: 110,781	2020: 203,430 2021: 205,137	2020: 372,213 2021: 400,892
2. Small red beans (0713.32.1000) (0713.32.9000)	2020: 16,001 2021: 14,460	2020: 5,809 2021: 6,188	2020: 17,452 2021: 17,083	2020: 27,785 2021: 27,340
3. Green beans (0713.31.1000) (0713.31.9000)	2020: 2,000 2021: 2,200	2020: 1,598 2021: 1,918	2020: 2,619 2021: 1,831	2020: 12,041 2021: 17,850
4. Buck wheat (1008.10.0000)	2020: 900 2021: 889	2020: 1,549 2021: 2,377	2020: 1,220 2021: 912	2020: 4,005 2021: 5,460
5. Genus Capsicum (0709.60.1000) (0709.60.9000) (0711.90.5091) (0904.21.0000) (0904.22.0000)	2020: Not Available 2021: Not Available	2020: 60,076 2021: 92,757	2020: 2,633 2021: 1,243	2020: 145,000 2021: Not Available

Note 1. Annual average of exchange rate: 2020: W 1,180.05/USD, 2021: W 1,144.42/USD.

TABLE III

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

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

Description of product(s) (including HS number(s))	Domestic purchases by state trading enterprise	National Production	Domestic sales by state trading enterprise	National consumption
1	2	3	4	5
6. Garlic (0703.20.1000) (0703.20.9000) (0711.90.1000) (0712.90.1000)	2020: 1,392 2021: 3,463	2020: 363,432 2021: 308,532	2020: 2,058 2021: 10,121	2020: 411,000 2021: Not Available
7. Onions (0703.10.1000) (0712.20.0000)	2020: Not Available 2021: 10,411	2020: 1,168,227 2021: 1,576,752	2020: 9,011 2021: 822	2020: 1,251,000 2021: Not Available
8. Sesamum seeds (1207.40.0000)	2020: 41,700 2021: 48,882	2020: 6,795 2021: 10,090	2020: 42,380 2021: 46,116	2020: 83,200 2021: 93,347
9. Potatoes (0701.90.0000)	2020: Not Available 2021: Not Available	2020: 553,194 2021: 497,755	2020: 1,921 2021: Not Available	2020: 586,752 2021: 525,092

Note 1. Annual average of exchange rate: 2020: W 1,180.05/USD, 2021: W 1,144.42/USD.