

Republic of Korea

1. Agriculture (Focal point: Ministry of Agriculture and Forestry)

General- Promotion of Comprehensive Measures for Agriculture and Rural Area

From 1992 to 2002, the Republic of Korea invested USD 84billion in promoting measures for structural improvement of rural and fishery areas, putting more stress on establishing agricultural SOC. As a result, some agricultural SOC has been established, but there are still problems to be addressed in agricultural sector, such as lack of international competitiveness and financial difficulties in farming households. In order to assist agricultural sector and rural areas to adapt themselves to the expansion of openness resulting from FTA and DDA, the Republic of Korea prepared new comprehensive measures for the period from 2004 to 2013, and an investment plan with the scale of USD 121billion, in order to financially support the new measures.

The 9 tasks included in the new comprehensive measures are;

- To foster 70,000 farming households specialized in rice farming (6ha) to become the backbone of agricultural industry;
- To foster talented manpower with specialized knowledge and business mind to lead future of agriculture;
- To implement various kinds of direct payment to stabilize farm households' income, expand income source from non-farming activities such as green tourism, and reinforce business security system for farming households to prepare for disasters or sudden drop of prices;
- To expand food safety guarantee system on advanced level in order to improve safety of agricultural produces;
- To improve various system and support to promote environmentally friendly farming;
- To develop new growth potential through development of technologies utilizing bio-engineering and science;
- To expand facilities to manufacture high-quality products, and assist scientific agricultural management utilizing IT technology in order to export USD 5billion of agricultural produces and food (by 2013);
- To expand infrastructure for welfare by increasing financial support in pension and health insurance and establishing social security net for rural areas; and,
- To develop rural areas where amenities for living are well equipped.

If these comprehensive measures for agriculture/rural areas are carried on properly until 2013, agricultural industry will be reorganized as a sustainable life industry with specialist farmers. In addition, farmer's annual income per capita will be increased to the level of an urban worker, and the rural area is expected to evolve into the space for decent life with the natural surroundings.

Policy on Female Farmers

In order to improve the social status of female farmers and increase female farmers' participation in policy making process, the Republic of Korea established the framework plan for policy on female farmers of which the first round was from 2001 to 2005 and the second round from 2006 to 2010.

The policy vision of the plan is to establish sustainable agriculture and rural areas where male and female farmers share their responsibilities and achievements. The goals are; enhancement of female farmers' status; improvement of business capability in agriculture, and improvement of welfare. Along with the plan, the establishment of basic infrastructure for implementation of policies on female farmers, is pursued in order to promote agricultural policies from a viewpoint of gender equality.

Introduction of Public Stockpiling System in terms of Food Security

In the past, the Republic of Korea operated the Government Purchasing System of Rice in order to stabilize rice farming households' income and control supply and demand for rice. However, this system was categorized as amber box subsidies, by WTO, that should be reduced, and the amount of purchase has been decreased, resulting in loss of the system's original functions. Thus, the government transformed the system into the Public Stockpiling System in 2005, in order to stabilize rice farming households' source of income and to secure food for citizens.

The Public Stockpiling System is a system where a certain amount of food is saved for emergency or food crisis such as natural disasters or other emergencies. The Public Stockpiling System is categorized as green box subsidies by WTO.

In accordance with the system, the Republic of Korea sets up the standard to purchase and releases 432,000tons of rice per year. In 2005, the government purchased 576,000tons of rice in order to prevent confusion of farmers and to expand sales outlets.

Fostering Environmentally Friendly Farming for Sustainable Development of Agriculture

In order to provide safe and high quality agricultural products and contribute to preservation of national environment and sustainable agriculture, the Republic of Korea promotes environmentally friendly farming. Aided by such active promotion policy of environmentally friendly farming, the amount of environmentally friendly agricultural products produced and distributed, exceeded 4% of total production of agricultural products as of the end of 2005, and is increasing year by year.

<Table 1> Production of environmentally friendly agricultural products

Category	1999	2000	2001	2002	2003	2004	2005
Farming Households (thousand units)	1	2	5	12	23	29	53
Cultivation land (thousand ha)	1	2	5	11	22	28	50
Production (thousand tons)	27	35	87	200	365	461	798

The Republic of Korea promotes the environmentally friendly farming zone project, where farming and livestock are incorporated, in order to expanding the infrastructure of environmentally friendly farming and promoting environment preservation. The width of the zone is about 1,000ha, and there were pilot projects launched in 3 regions in 2006. The projects will be expanded to 50 regions until 2013.

In order to improve fertility of soil, new soil is continuously added to polluted farmland, sandy farmland, and farmland located in high altitude. In addition, for the improvement of acidic soil and the provision of silicic acid to farming lands, the soil improvement project, that provides silicic acid and lime to farming households, is being promoted.

Green Field Project, where i) forage crops such rye, and green manure crops are cultivated on winter fallow ground; ii) fertility of land is enhanced by increasing organisms in soil; iii) use of nitrogenous fertilizer is decreased; and, iv) loss of topsoil is prevented by soil covering, has been promoted. The area of the project was 96,000ha, in 2004, 101,000ha in 2005, and will be expanded up to 280,000ha until 2010.

In order to environmentally sound extermination of vermin, biological extermination program which utilize natural enemy for greenhouse cultivation, is operated. The area for the program was 1,328ha in 2006, and will be expanded up to 10,000ha until 2010.

In order to manage livestock excretions that seriously affect to the agricultural environment, and facilitate utilization of excretions as resources, the Republic of Korea is promoting a measure for natural circulation agriculture. A task force team for natural circulation agriculture is established within the government to support establishment of facilities for utilizing livestock excretions as resources, such as livestock excretions treatment facilities, liquid fertilizer distribution centers, and liquid fertilizer storages.

Improvement of Productivity through Enlarged Farming and Expansion of Infrastructure of Agriculture

The Republic of Korea promotes the Enlarged Farming Project in order to secure stable production basis of staple grains. Enlargement and collectivization of farming enhance competitiveness of rice industry and help fostering rice-specialized farmers.

The project is to support Korea's rice industry to secure competitiveness in the international market, where the government purchases or leases farmland from non-farmers and retiring farmers and then sells or lets out the land, at low interest, to young and capable farmers who specialize in rice farming. In 2005, total support was USD 516 million for 11,907ha.

The Republic of Korea continuously promotes measures to improve productivity through expansion of agricultural infrastructures such as readjustment of arable lands, field improvement, expansion and pavement of farm roads for farm machines.

The readjustment of arable land project is to readjust superior farmland on plain area into large section. Beginning with 5,000ha in 1994, total of 96,000ha had been readjusted until 2005 with USD 2.6 billion.

The field improvement project is a project to improve productivity of farm produces and to improve the condition of fields with poor infrastructure for production. The project includes, development of water source well, construction of farm road, and readjustment of field. Until 2005, total USD1.68 billion had been invested for 69,000 ha of field.

The project for expansion and pavement of farm roads for farm machines, was initiated in 1995 because the existing project for maintenance and improvement of road network in rural area had faced its limitation due to spread of large scale farm machines. The project has contributed to the improvement of productivity of farm produces by facilitating mechanized farming and improving distribution system for farm produces.

Increase of Income of Farming Households

The Republic of Korea promotes various types of direct payment system in order to increase income of farm households. Since the introduction of direct payment for retiring farmers in 1997, the direct payment system has been expanded year by year. Currently 6 types of direct payment systems are under operation. The budget allocated for the direct payment in 2006 was USD 2.1 billion, accounting for 23.6% of total budget for agriculture.

In accordance with the Comprehensive Measures for Agriculture and Rural Area and Investment and Financing Plan, the Republic of Korea plans to expand the budget for direct payment up to USD 25 billion until 2013. In addition, it plans to re-design the direct payment system in order to preserve farm households' income, restructure agricultural industry, enhance agriculture's function for public benefit, and reflect characteristics of each type of farm household.

Meanwhile, the Republic of Korea promotes various programs in order to expand farmer's income sources from non-farming activities. The program includes, expansion of exchanges between urban and rural areas, establishment of industrial complexes of rural areas, promotion of farm produce processing businesses, development of green tourism villages, and development of tradition theme villages.

Renovation of Farmland System

In order to deal with changes in conditions of agricultural administration home and abroad, enhance efficiency of land utilization, and improve vitality of rural areas, the Republic of Korea amended Farmland Act in 2005, which came into effect in 2006.

The amendments of Farmland Act includes; to improve farmland ownership and usage for promoting effective usage of farmland and restructuring of agricultural industry; to expand permitted limit of farmland lease by introducing farmland bank system; and, to relieve farmland related regulations in order to preserve superior farmland as much as possible and to utilize marginal land to promote vitality of rural areas.

Efficient Management of Agricultural Water

Among the total water resources usage of 33.7 billionm³ per year, agricultural water accounts for 16 billionm³ per year, which is 47%. However, there are very broad range of changes in water supply due to the weather condition. There are repetitive and frequent occurrences and damages of drought and flood. In order to address the challenges, the Republic of Korea set up 4 categories of policies in water resources management for agriculture.

- To decrease loss and expand utilization of water resources by establishing reservoirs and dams which reserve waters from rivers
- To maintain and manage irrigation facilities that need reinforcement and repair.

- 53% of irrigation facilities are small and more than 30 years old that need to be repaired and maintained.
- To manage water quality to prevent pollution of secured water resources and to address problems in purifying polluted water resources.
- To educate farmers, who utilize agricultural water, to save water.

For sustainable agricultural production, supply of good quality water is the most important factor. In this regard, the Republic of Korea promotes various policy programs, in order to improve effectiveness of agricultural water usage and prevent flooding of farmland, such as improvement of water drainage, improvement and repair of irrigation facilities, development of agricultural water sources, and automation of agricultural water management.

The project for improvement of water drainage is to establish drainage facilities at farmlands that are damaged by localized torrential rainfalls and typhoons every year. The government completed 69% of the project, 129,000ha out of total project area of 188,000ha, by 2005.

The project for improvement and repair of irrigation facilities is to improve and repair old or broken facilities in order to improve efficiency of agricultural water supply. In 2005, USD 442.5million had been invested.

The project for agricultural water development is to secure and supply water to the areas with water shortage. The project is categorized by the scale of the project, such as large scale, medium scale, and small scale projects.

The project for automation of agricultural water management is to establish automation system for water control, including automation of water supply and drainage control facilities and installation of remote controlling system. The purposes of the project are to improve efficiency of water management, such as saving water and reduction of water management cost, and to improve water management services for farmers. In 2005, total of USD 7 million was invested to 10 areas.

Liberalization of Market of Agricultural Produces

Korea started to pursue FTA from 1998. Currently, the Republic of Korea is negotiating on FTA with many countries at the same time, in order to cope with regionalism and to keep open policy.

The Korea's first FTA, Korea-Chile FTA, came into effect on April 1st, 2004. The two countries agreed to abolish tariffs of 96% of existing items within 10 years. In case of agricultural produces, the tariffs are to be abolished gradually throughout 5 to 16 years. However, sensitive products such as rice, apple and pear, will be remained at current tariff rate.

Negotiation for Korea-Singapore FTA started in early 2004, and the FTA concluded in November, 2004 and came into effect in March 2006.

FTA negotiation with EFTA was concluded in July 2005, to facilitate opportunities to bring Korea's traditional processed agricultural produces such as Kimchi to new market.

In case of Korea-ASEAN FTA, negotiation for concession in the area of goods was concluded at the 11th round negotiation, in April, 2006. Currently, the Republic of Korea is under FTA negotiation with USA, India, Canada and EU.

Promotion of Export of Agricultural Produces

In order to encourage export of high value added agricultural produces, the Republic of Korea makes efforts to create new export capacity by strengthening growth capacity through improvement of export management body and by reinforcing support for export to newly explored markets and markets with great export potentials.

The Republic of Korea is also promoting overseas sales and promotion campaigns in cooperation with local autonomous governments. In addition, the government strengthens support policies for internationalization of Korean food and Korean agricultural produces in cooperation with Korean legations in major cities of the world.

Such efforts of the Republic of Korea resulted the increase of the export of agricultural produces from USD 2,085 million in 2004, to USD 2,222 million in 2005, and to USD 2,304 million in 2006.

Agricultural Outlook System for Monitoring Food Supply and Demand

The Republic of Korea started to promote agricultural outlook project for monitoring food supply and demand, by establishing Agricultural Outlook and Information Center under Korea Rural Economic Institute. The project is to seek for stabilization of supply and demand of farm and livestock produces, by researching and analyzing projection information for major farm and livestock produces including crop, production, inventory, export and import, and weather condition.

The Republic of Korea is planning to improve information collection system and expand information service utilizing GIS and information process system. As such, the government will provide various and useful agricultural outlook information.

Crop Insurance and Livestock Insurance

In order to compensate farmers' loss caused by natural disasters, the Republic of Korea promotes crop insurance for agricultural produces. Currently, the insurance covers 6 items including apple, pear, peach, grape, persimmon, and tangerine. The government is continuously expanding covered items, covered disasters and amount of compensation.

In addition, expenses for bringing in livestock and for restoration of farmland are supported in order to help victim farmers to resume farming and to reduce financial burdens for restoration.

The Republic of Korea also operates livestock insurance to facilitate livestock management and to guarantee livestock farmers' income, by compensating damages by natural disasters or fire. Year by year, types and number of covered livestock have been expanded up to 45,845,000 animals in 2005.