

2. Foreign Exchange Situation

Preliminary estimates indicate that the commodity trade deficit in 1983 reached U.S. \$1,747 million based on total exports of \$24,445 million and imports of \$26,192 million. The current account deficit is estimated at \$1,607 million. Foreign exchange holdings as of the end of 1983, however, reached \$6,910 million and are expected to reach \$7,000 million by the end of 1984. The commodity trade deficit in 1984 is expected to decrease to \$1,300 million (\$27.2 billion in exports versus \$28.5 billion in imports). The current account deficit may also decrease to \$1,450 million in 1984. As the policy of the government is to keep the annual inflation rate below 5%, priority will be given to importing both food (wheat) and feed grains within the constraints of the demand and the supply plan. The UNDP office in Seoul has advised that since 1983 they have discontinued to provide wheat and flour to Korea under the World Food Program. Korea is unlikely to become an international aid recipient.

3. Fertilizer Situation

There are nine major fertilizer plants in Korea with a total production capacity of 2.9 million tonnes per year. In 1983, total fertilizer production amounted to approximately 2,687,000 tonnes, a 0.5% decrease from the 2,699,000 tonnes produced in 1982. Total consumption of fertilizer in 1983 reached 1,591,000 tonnes, down 0.3% from 1,630,000 tonnes in 1982. In 1983, Korea exported 1,179,200 tonnes as compared with 1,103,000 tonnes in 1982.

In terms of nutrients, in 1983 Korea consumed 371,250 tonnes of nitrogen, 183,404 tonnes of potash and 172,130 tonnes of phosphate.

4. Import Mechanism

Wheat: Regarding wheat for human consumption, the Korea Flour Mills Industrial Association (KOFMIA), individual flour millers and registered trading companies on behalf of millers, are all authorized to import through either tenders (KOFMIA) or price negotiations (millers and trading companies). In the case of feed wheat, however, the Korea Feed Association (KFA), the National Livestock Cooperative Federation (NLCF) and individual millers are authorized to import either through tenders (KFA and NLCF) or price negotiations (millers).

Rice and Barley: The Office of Supply, the Republic of Korea (OSROK) is exclusively authorized to import rice and food barley through either tenders or price negotiations following government guidelines when and if a requirement exists. In the case of feed barley, however, KFA would be the exclusive import organization when and if the government decides to use foreign barley for feed.

Corn: NLCF, KFA and the Korea Corn Processors Industry Association (KCPIA) are the only organizations authorized to import corn through tenders in accordance with both annual food/feed demand and supply plans prepared by the Ministry of Agriculture and Fisheries.

Sorghum: NLCF, KFA and individual feed millers are the only organizations authorized to import sorghum through either tenders (NLCF and KFA) or price negotiations (millers).