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Responses to the Doha Ministerial

- Non-ag. sector welcomes the new round
  - Growth: GDP 3.4%, exports 6.4% [KIEP]
  - Domestic non-ag. market is wide open [SEI]
  - Welcome since 73% of GDP depends on trade [KTA]

- Expectations on
  - tariff reduction, and
  - stricter anti-dumping cases
Responses to the Doha Ministerial

- Ag. sector prejudges the new round results
  - More liberalization of markets
    - Exemption to tariffication
    - Tariff rate quota to tariff-only
    - Reductions in tariff rate
  - More reductions of domestic support
    - Lower purchasing price of rice
    - Less quantities purchased
- Ag. & service sector will be the losers.
Responses to the Doha Ministerial

“…without prejudging the outcome of negotiations we commit ourselves to comprehensive negotiations aimed at:

Substantial improvements in market access;
Reductions of, with a view to phasing out, all forms of export subsidies; and
Substantial reductions in trade-distorting domestic support.” [Ministerial Declaration]
Agriculture Under the URAA

- Market liberalization
  - Tariff rate reduction: 24% during 10 yrs.
  - Average agri. tariff reduced to 62% in 2004.
  - TRQ (market access) set up for major crops.

- Domestic support
  - Subsidies are reduced (13.3%, 10 yrs.).

- Korea has implemented the commitments.
## Self-Sufficiency Rates

<table>
<thead>
<tr>
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<th>1990</th>
<th>2000</th>
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<tr>
<td>Rice</td>
<td>108.3</td>
<td>102.9</td>
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<tr>
<td>Wheat</td>
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<tr>
<td>Corn</td>
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<td>Beans</td>
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<td>Potatoes</td>
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<td>Beef</td>
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<tr>
<td>Peanuts</td>
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<td>23.0</td>
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<tr>
<td>Sesame</td>
<td>67.0</td>
<td>26.0</td>
</tr>
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</table>
Agriculture Under the URAA

- Political arrangements
  - Senior secretary on agricultural affairs was created in B.H.
  - Special tax for agricultural development
  - Presidential Commission on Rural Reconstruction (PCRR)
  - Aimed at enhancing agricultural competitiveness
Structural Problems

- Extremely small scale of farming
  - 1.4 ha per farm (Korea); 1.5 ha (Japan)

- High dependence of farm incomes on agriculture
  - 65% for Korea (less than 20% for Japan)

- Low direct income payments to farmers
  - Only 2.6% of farm income (9.4% for Japan)

- Importance (Dominance) of rice
  - 52% of agricultural source of income
During 1970-2000:
- Total population increased by 15 million; but
- Rural population decreased by 10 million

Low agricultural growth rate:
- 1.1% in 2000 (8.8 percent growth in GDP)

Share of agriculture (2000):
- Population: 8.5%
- GDP: 4.0%

Loans became farm debts.
Rice Policy at the Cross Road

- URAA exempted rice from tariffication.
- MMA rice quota filled with processing rice.
- Government raised rice purchasing price after the financial crisis.
  - 116% up from 1986-88 (17% down in Japan).
- Rice production increased.
- Agricultural income share increased:
  - From 38% (1995) to 52% (2000)
- Reduction in rice consumption accelerated.
Rice stock to production ratio soared.

“Rice Marketing Committee” recommended rice purchasing price cut (-4 to -5%).

Farming groups strongly against the cut.

Government announced “same as previous” price for 2002 crops.

The future of rice policy is debated actively.

Less rice, higher quality in branded-bags

Re-negotiation on rice exemption scheduled in 2004 at WTO.
당장하라!

나라가 망한다
Farmers’ Demands

- Strengthen negotiating abilities to:
  - Deal with requests on market openings
  - Maintain the ‘developing country’ status

- To guarantee rice farmers’ income, design a new rice policy including:
  - Raising direct income payments; and
  - Establishment of public stockholding scheme

- Take advantage of the ‘green box’ of URAA
  - e.g., decoupled income support, domestic food aid, etc.
Concluding Comments

- Doha Declaration omens for negotiation results of new round--Farm sector as a loser.
- Agriculture lagged behind a rapid economic growth and has structural problems.
- Korea and Japan do NOT share as much as before in terms of agriculture.
- Rice policy reform is under way, but bumpy.
- As a WTO member, China will play a bigger role in East Asian agriculture
Thank you for your attention!