

# Korea's Agricultural Policy: History, Challenges and Ways Forward

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Ministry of Agriculture,  
Food and Rural Affairs

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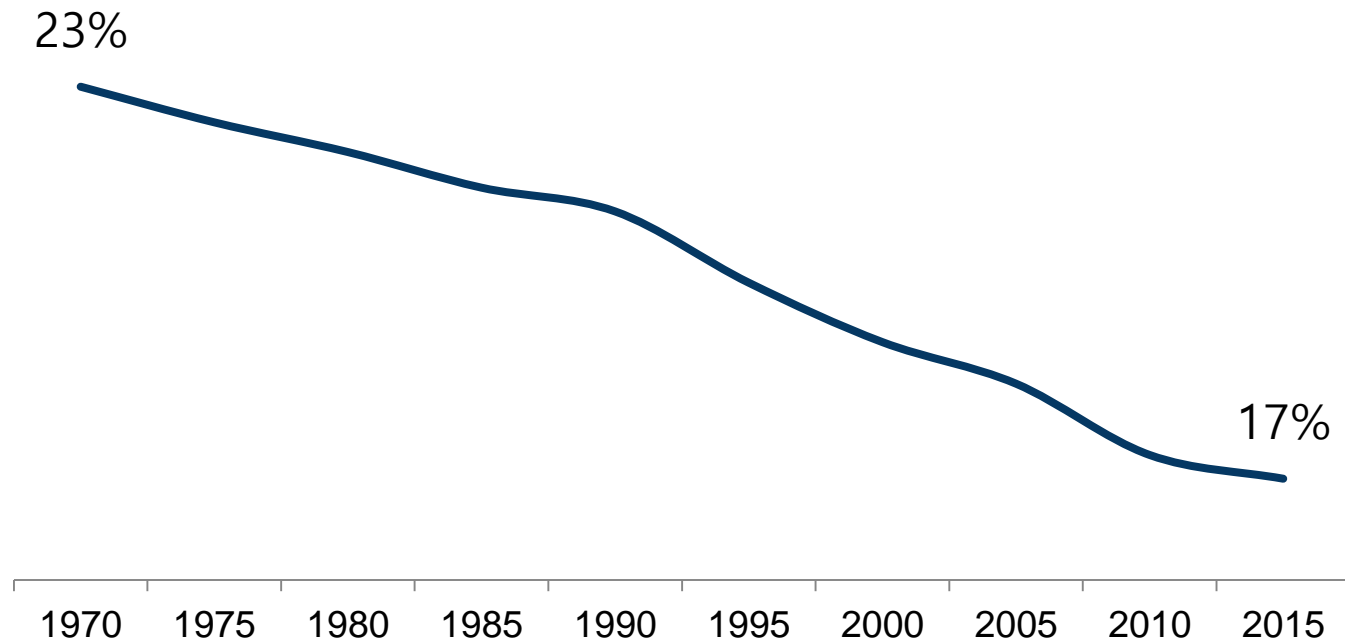
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## Current Situation of Korean Agriculture

# 1. Current situation of Korean Agriculture

## (1) Farm Size

- Cultivated area: 1,644 thousand ha (54.5% rice paddy, 45.5 dry field)
- The share of cultivated land in total land area declining

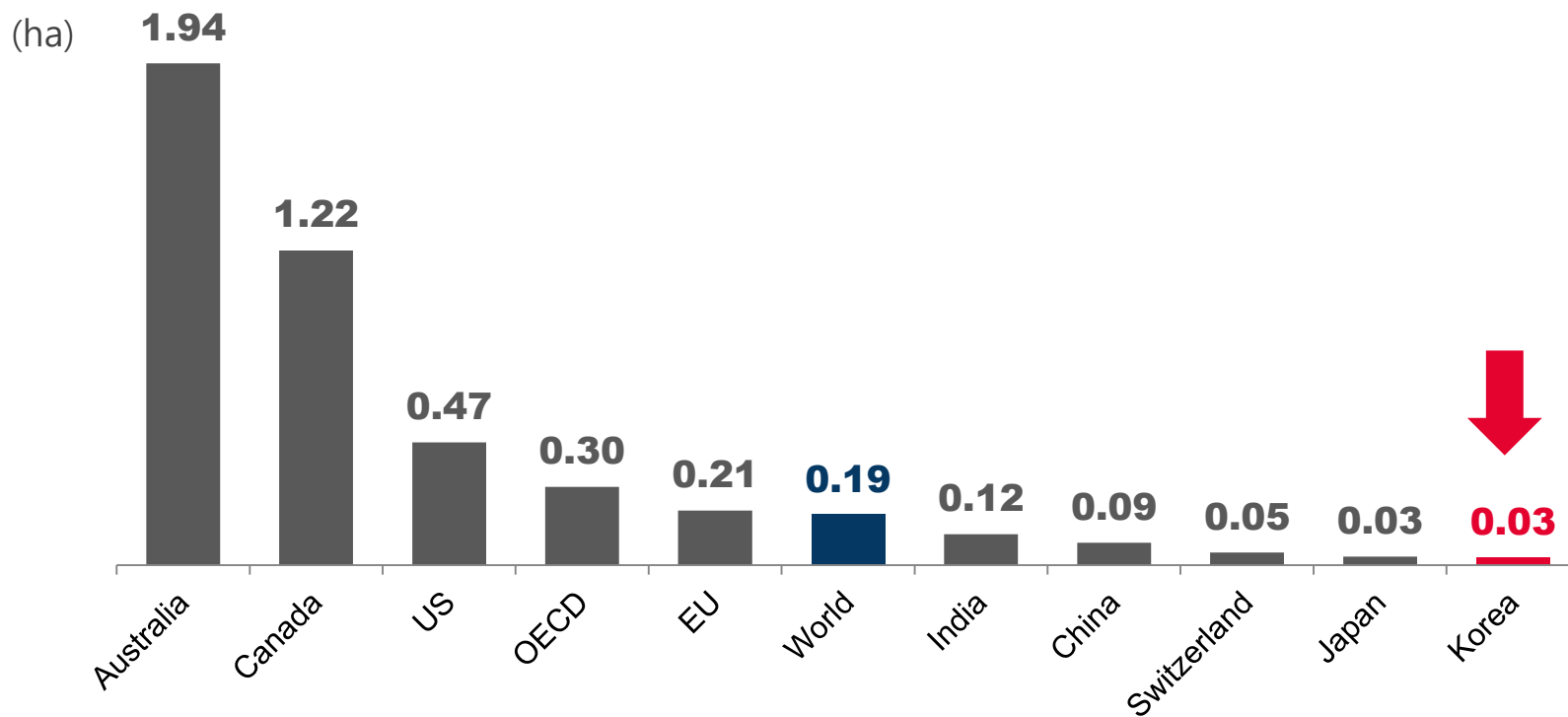


The share of cultivated land in total land ares (KOSTAT, 2017)

# 1. Current situation of Korean Agriculture

## (1) Farm Size

- Arable land per capita: 0.03 ha

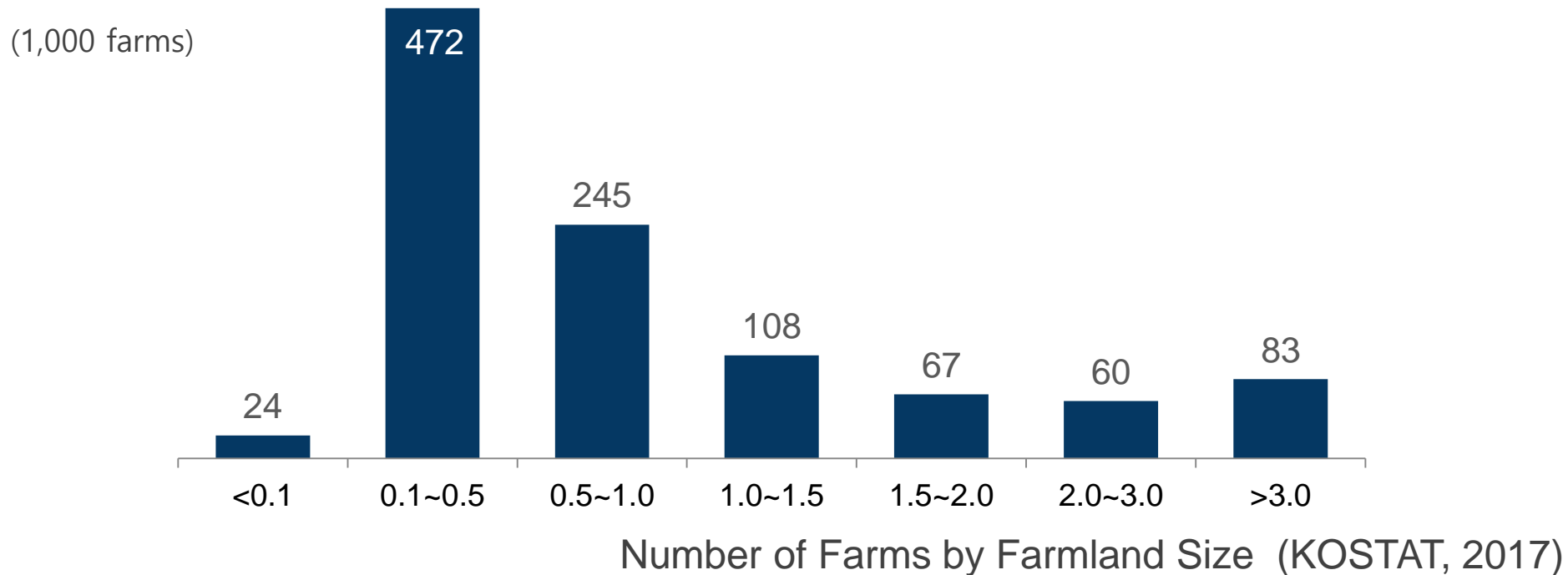


Arable land per capita (World Bank, 2015)

# 1. Current situation of Korean Agriculture

## (1) Farm Size

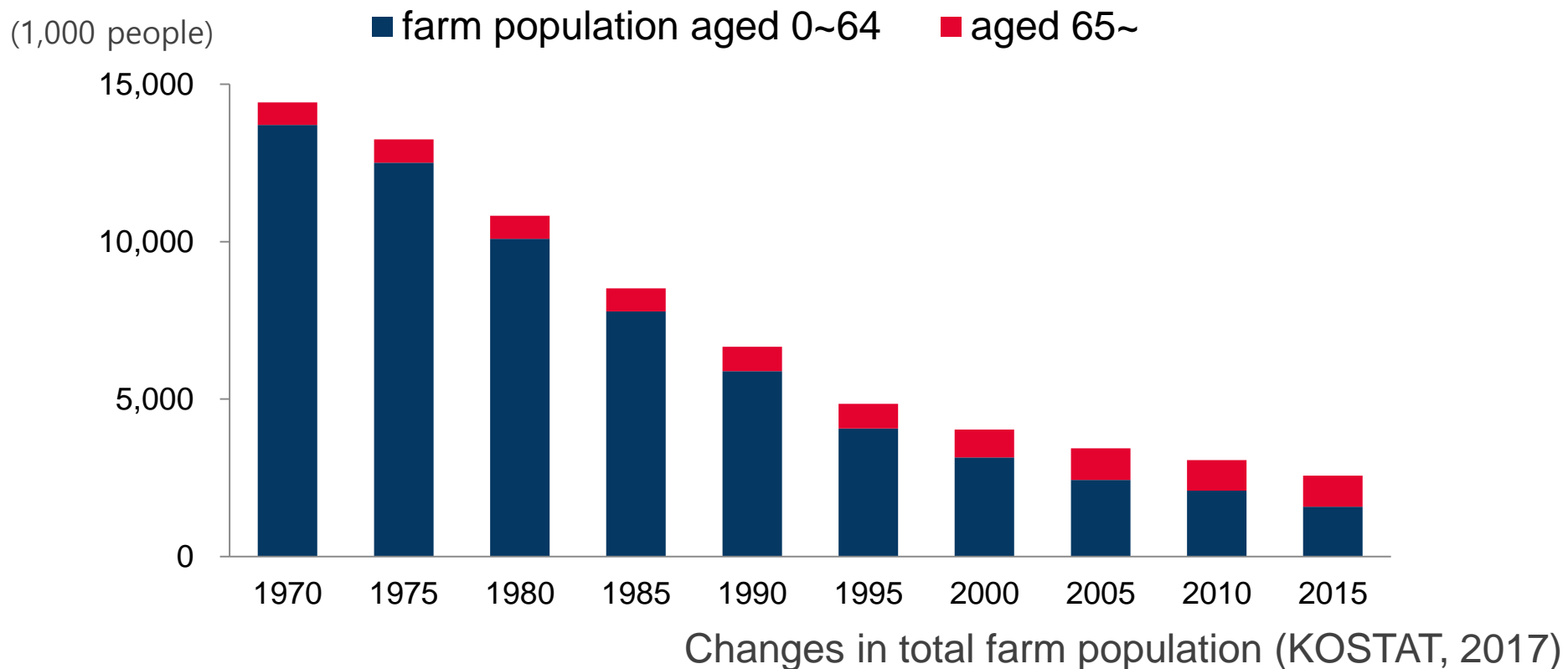
- Average farmland size per household is 1.5 ha
- 69% of farms have less than 1 ha and only 8% have more than 3 ha



# 1. Current situation of Korean Agriculture

## (2) Rural population

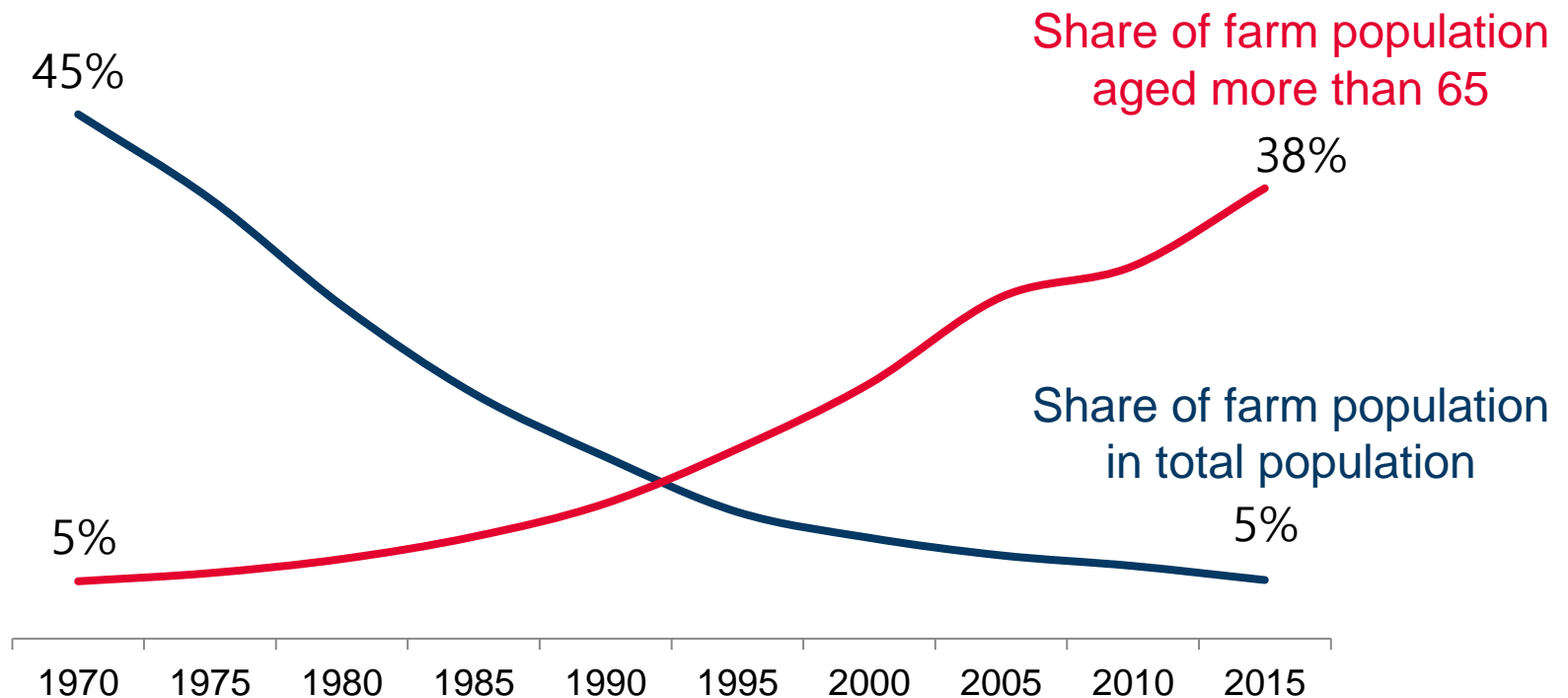
- Farm household population in 2016: 2,496 thousand
- Number of farm household declining



# 1. Current situation of Korean Agriculture

## (2) Rural population

- Share of farm household population fell
- Share of farm household population aged more than 65 increased



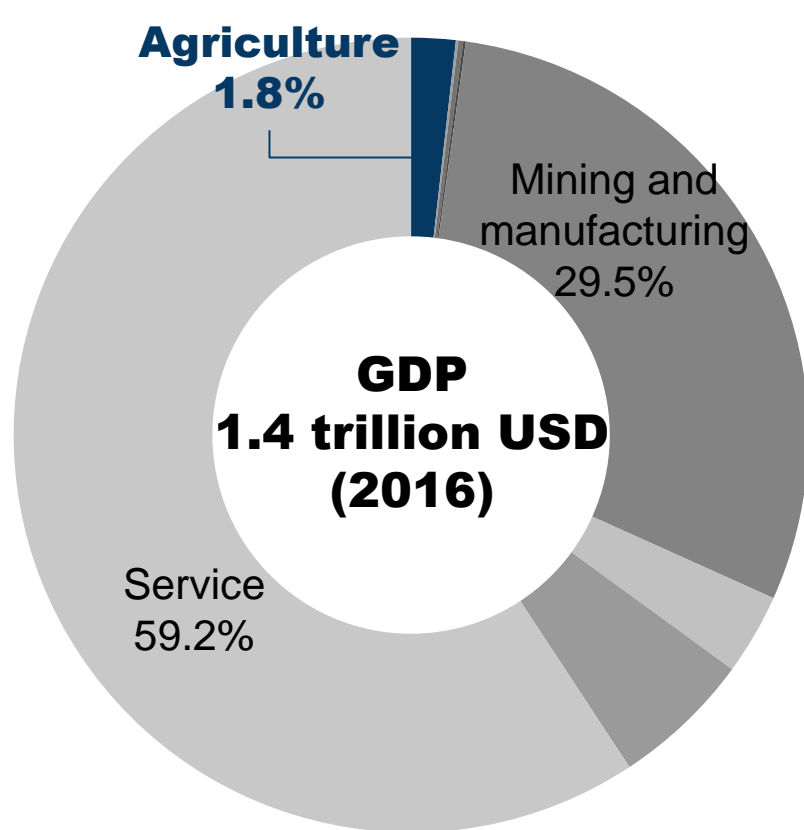
(KOSTAT, 2017)



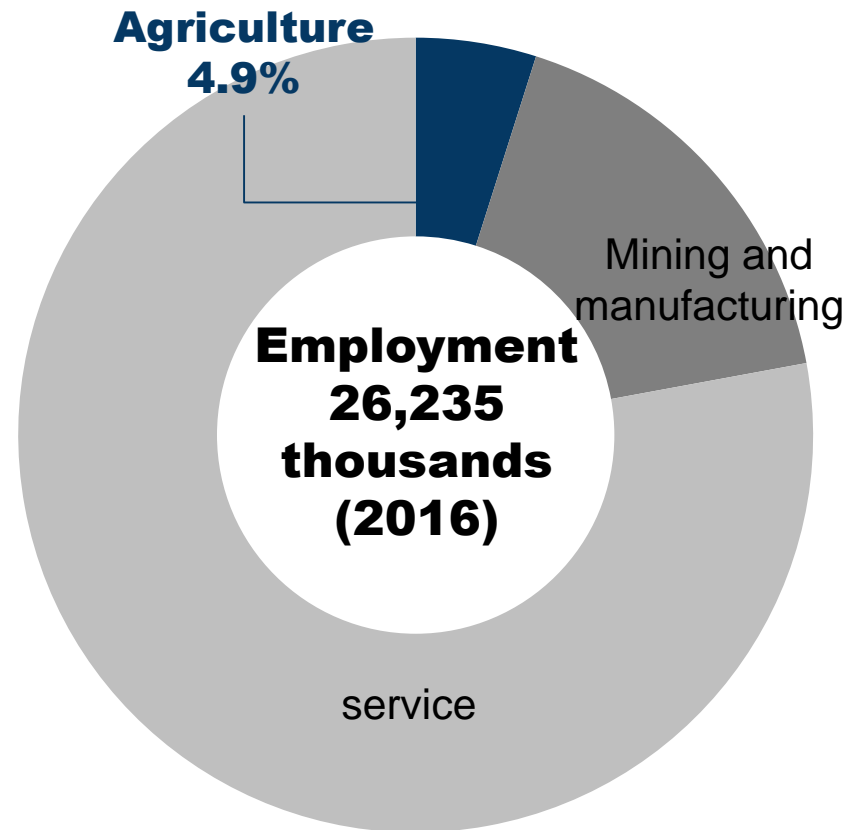
# 1. Current situation of Korean Agriculture

## (3) Contribution of agriculture in economy

- Agriculture's share in GDP: 24.9% (1970) → 1.8% (2016)
- Agriculture's share in employment : 50.4% (1970) → 4.9% (2016)



The Bank of Korea (2016)



KOSTAT(2016)

# 1. Current situation of Korean Agriculture

## (3) Contribution of agriculture in economy

- Pace of adjustment based on agriculture share of GDP and employment is very fast in Korea

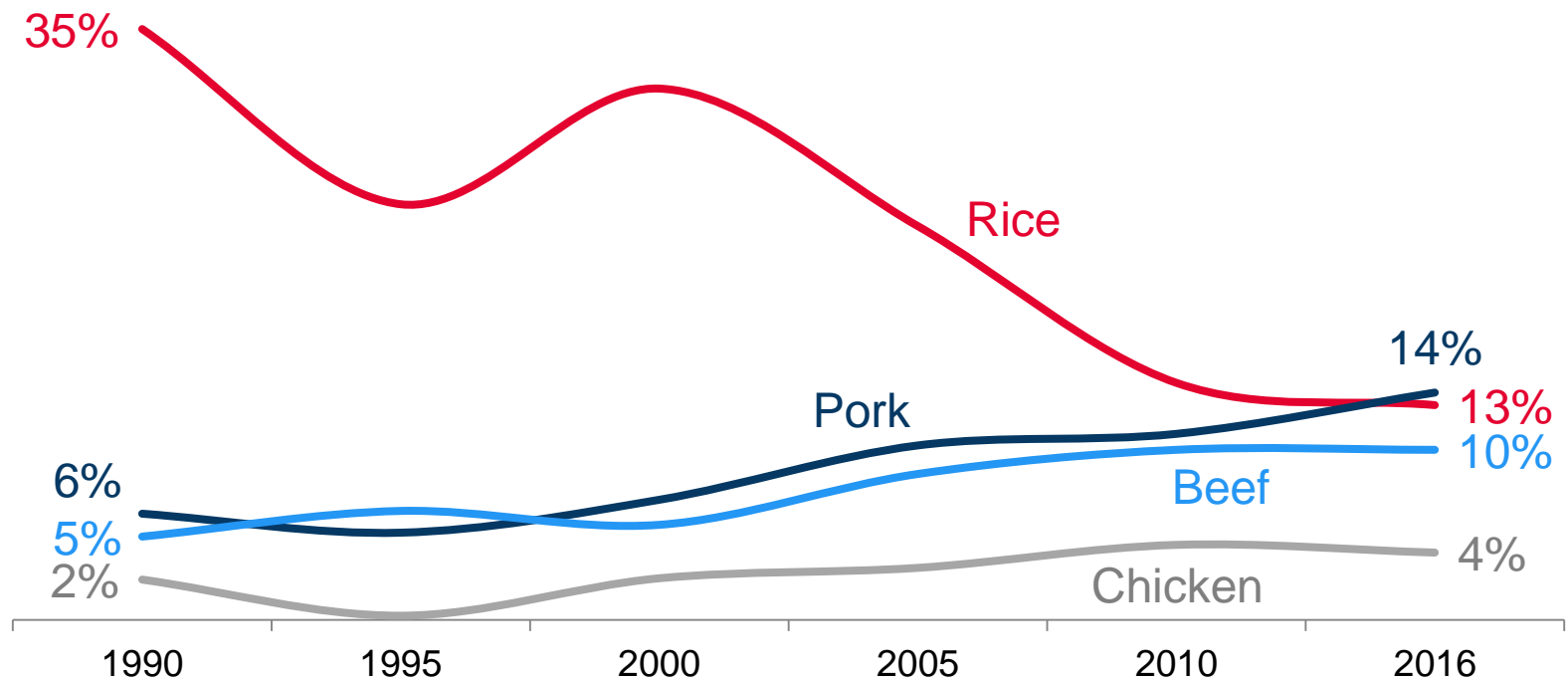
	Agriculture share of GDP			Agriculture share of employment		
	Year of 40%	Year of 7%	Years required	Year of 40%	Year of 16%	Years required
Netherlands	1800	1965	165	1855	1957	102
UK	1788	1901	113	1800	1868	68
USA	1854	1950	96	1897	1950	53
Japan	1896	1969	73	1940	1971	31
India	1962	2016(17.4%)	>54	2016(45.1%)	-	-
China	1967	2016(8.6%)	>49	2007	2016(27.8%)	>9
<b>Korea</b>	<b>1965</b>	<b>1991</b>	<b>26</b>	<b>1977</b>	<b>1991</b>	<b>14</b>

Adapted from OECD (2008)

# 1. Current situation of Korean Agriculture

## (4) Production

- Rice production accounts for half of cultivated land and 56.6% of farms
- Share of rice in the agriculture VOP decreased

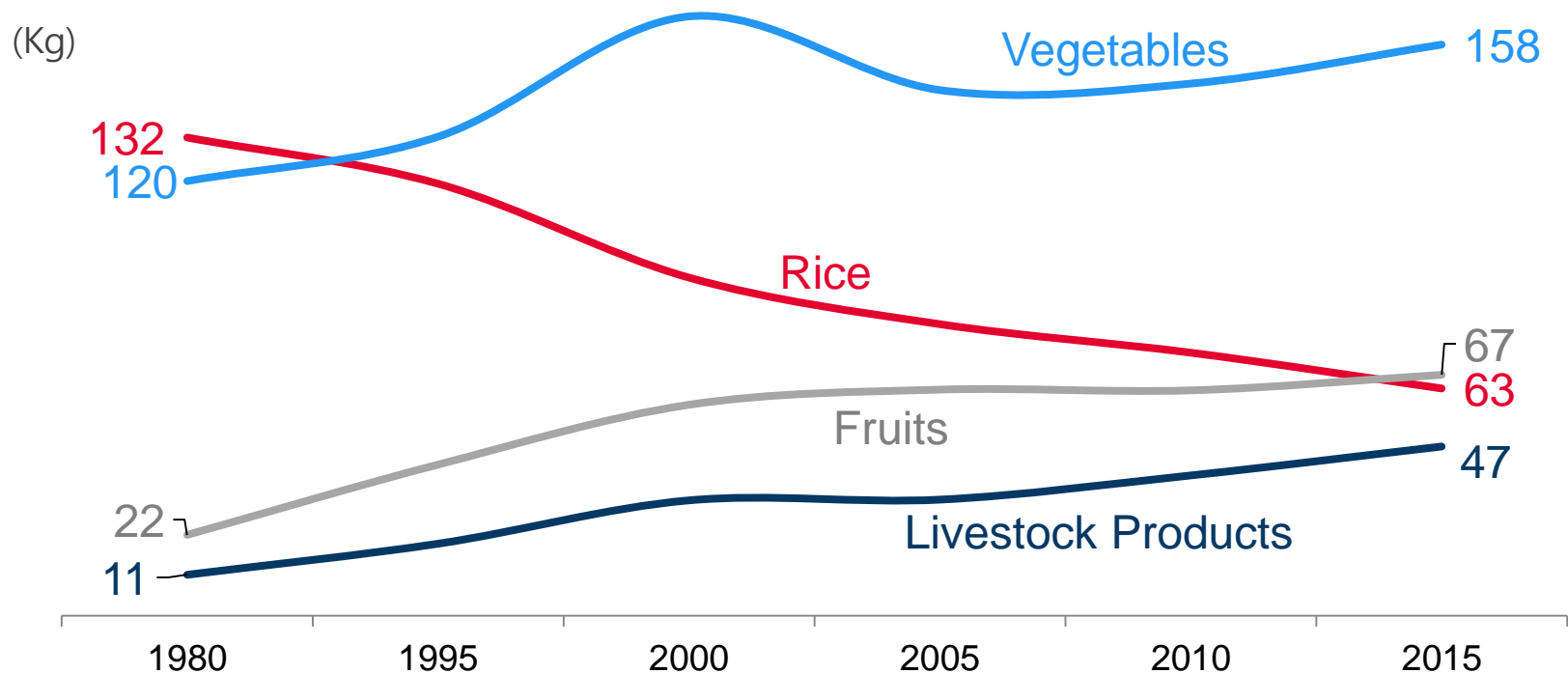


Share in the value of agricultural production, MAFRA (2017)

# 1. Current situation of Korean Agriculture

## (5) Food Consumption

- Per capita annual consumption of rice declined
- Consumption of livestock products, fruits and vegetables increased



Per capita annual consumption by commodity, MAFRA (2016)

# 1. Current situation of Korean Agriculture

## (6) Trade

- Agri-food import value: USD 23.5 billion (2016)
- Cereal grains and pulses most imported, especially corn for animal feed
- The largest import partner is the United States, followed by China

Most imported commodities (2016)	(million USD)
Beef	2,284
Maize	1,909
Pork	1,363
Wheat	1,023
Soybean meal	781

Korea Agro-fisheries & Food Trade Corporation (2017)

# 1. Current situation of Korean Agriculture

## (6) Trade

- Self-sufficiency rate of major grains are very low
- Livestock industry is highly dependent on imported feed

	Self-sufficiency rate (%)	
	Feed included	Feed excluded
Rice	102.5	104.7
Wheat	0.9	1.8
Maize	0.8	3.7
Soybean	7.0	24.6

MAFRA (2017)

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## History of Korean Agricultural Policy

## 2. History of Korean Agricultural Policy

### (1) 1950~1960s

- Right after the end of Korean War: increasing food supply
- Government purchase land from landlords and redistribute to tenant farmers – small-scale farmers increased



Rice transplantation (1962)

National Archives of Korea



## 2. History of Korean Agricultural Policy

### (2) 1970s

- Saemaul Movement: improving basic living conditions and infrastructure of small rural villages
- diligence, self-help and cooperation between residents



Saemaul Movement (1973)

National Archives of Korea

## 2. History of Korean Agricultural Policy

### (3) 1980~1990s

- Start to terminate agricultural import restrictions
- Strong opposition from farmers against WTO



Farmers' protest against WTO (1994)

The Kyunghyang Shinmun

## 2. History of Korean Agricultural Policy

### (4) 2000s~

- A five-year comprehensive plans based on the Framework Act on Agriculture, Rural Community and Food Industry
- New 2018-2022 plan was announced on February 6<sup>th</sup>



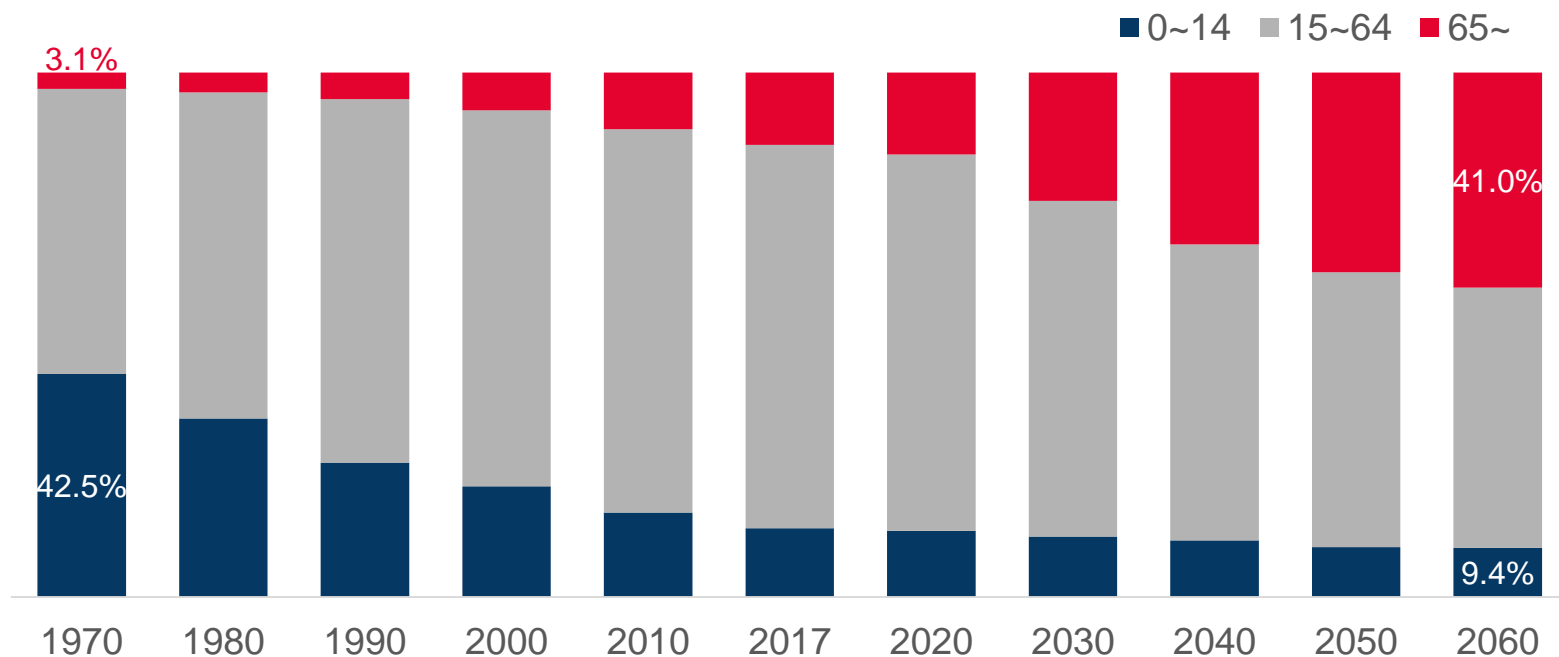
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## Main Challenges

### 3. Main Challenges

#### (1) Aging Farm Population

- Korea is experiencing very rapid aging, especially in rural areas
- Only 17 years from an aging society to an aged society – much faster than Japan (24 years), the United States(72 years) and France(115 years)

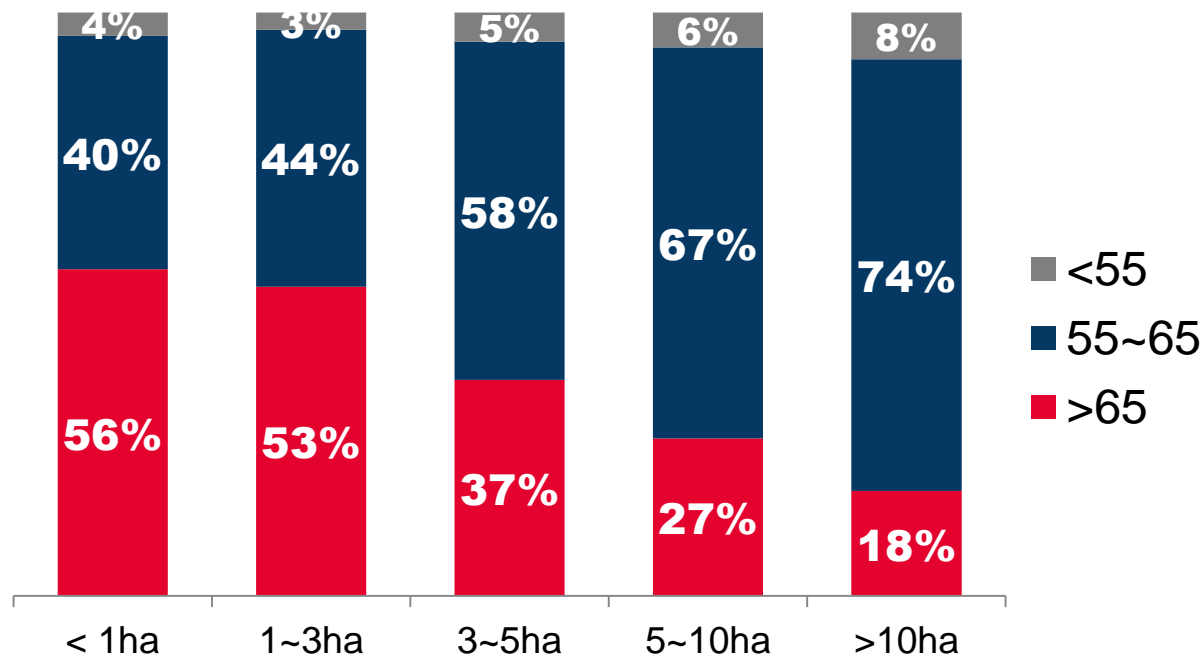


Population age composition, projected, KOSTAT(2016)

### 3. Main Challenges

#### (1) Aging Farm Population

- Proportion of farm population aged over 65 years is 40.3% in 2016, higher than national average(14%), and 61% of rice farmers are aged >65
- 56% of farms smaller than 1 ha have main operators aged >65

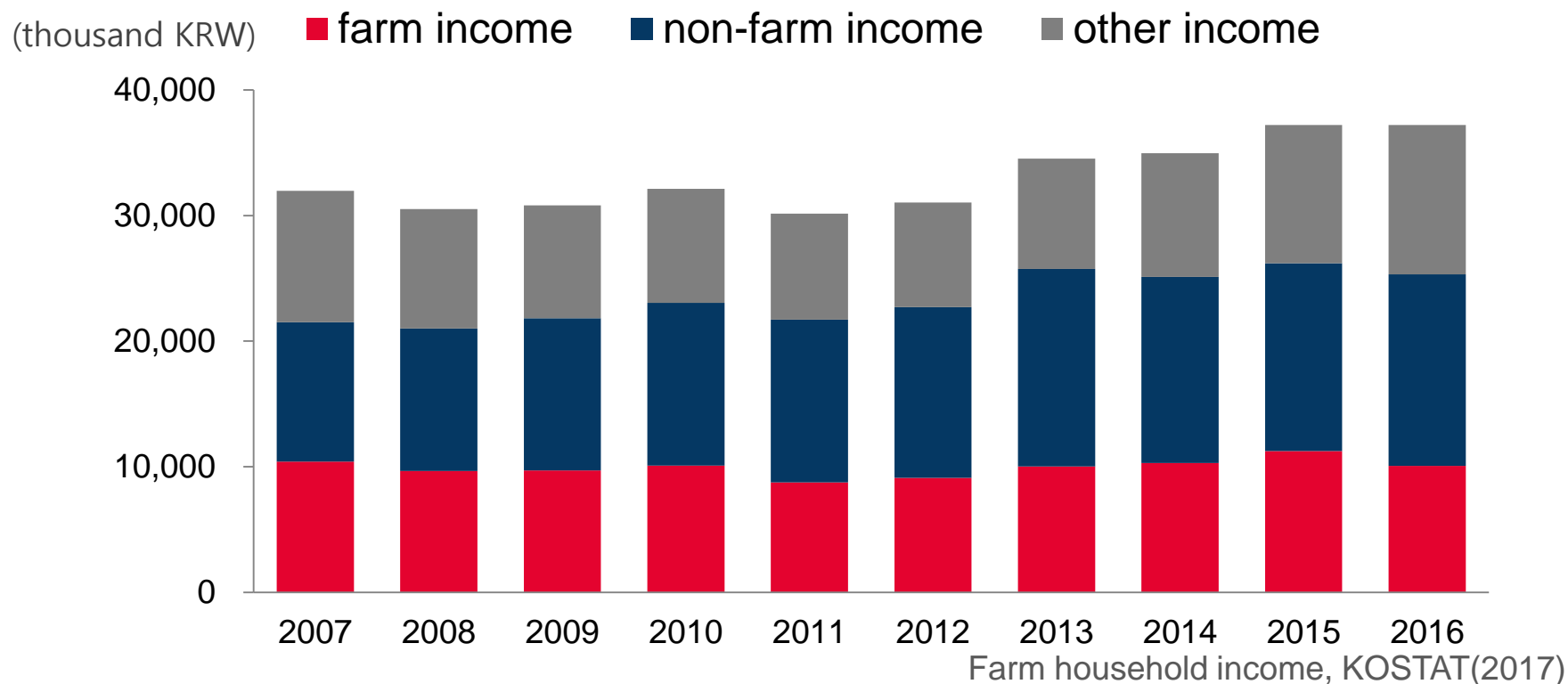


Age of farm operators by farm size, KOSTAT(2015)

# 3. Main Challenges

## (2) Farm household Income

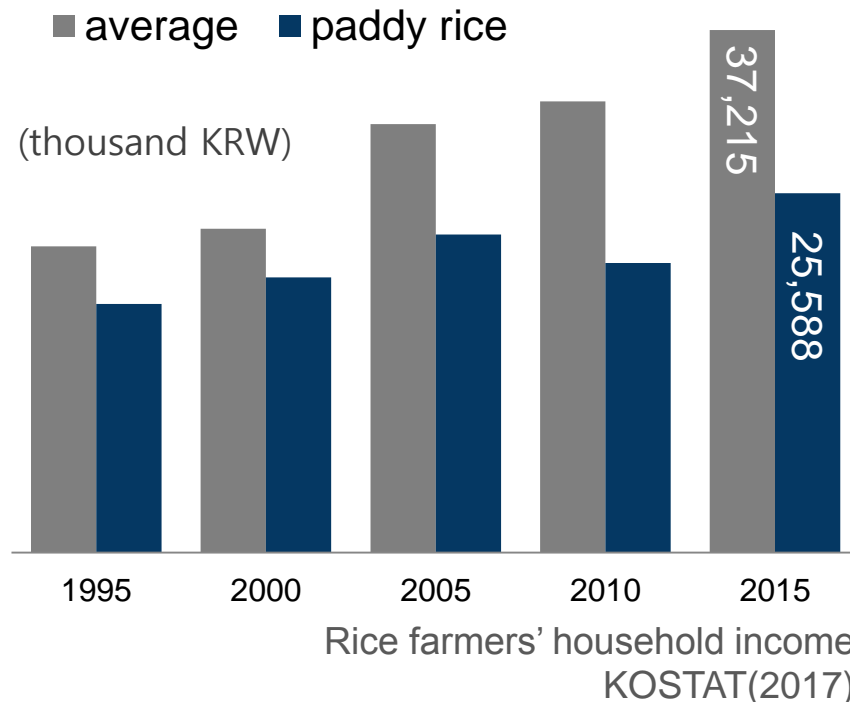
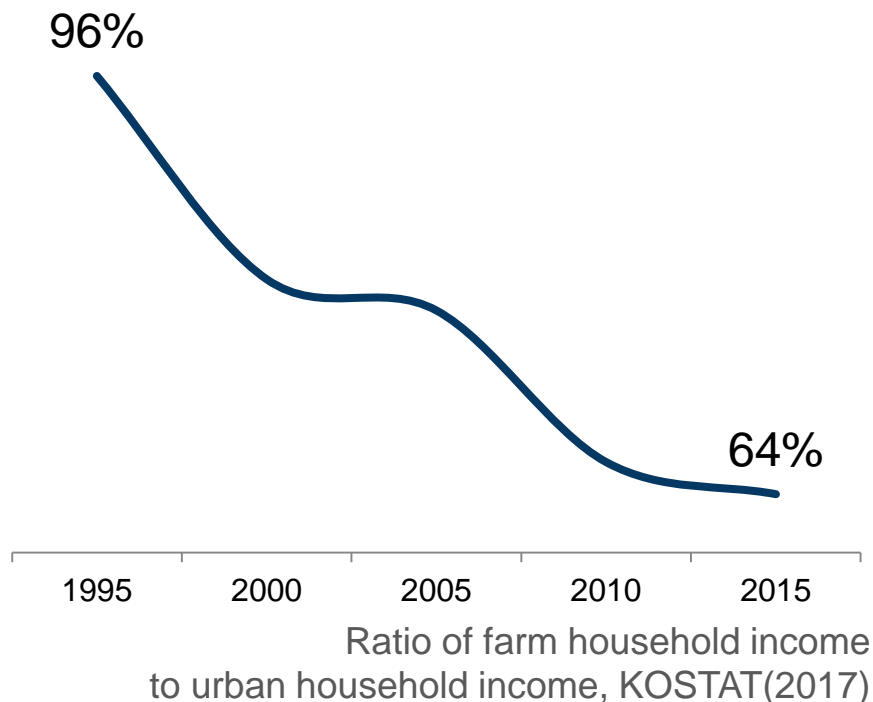
- Farm household income increasing very slowly because of decrease in agricultural income caused by increased import and price fall
- Agricultural net income declined 0.4%



# 3. Main Challenges

## (2) Farm household Income

- Disparity between urban and farm household income increased
- Low income problem is concentrated in old age population
- Income stabilization for rice farmers is most important and political issue





## 3. Main Challenges

### (2) Farm household Income

- Korea reduced considerable amount of current total AMS since abolishing MPS and introducing rice direct payment in 2004
- Korea had to use all of AMS limit due to rice price collapse in 2017

## 3. Main Challenges

### (3) Animal disease, food safety and environmental issues

- Rapid expansion of intensive livestock production caused water and soil pollution from manure emissions
- In 2015, 11 million birds destroyed due to HPAI
- In 2010-11, 3.3 million pigs and 150 thousand cattle destroyed due to FMD

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## Policy Goals of New Administration

## 4. Policy Goals of New Administration

- The vision of 2018-2022 Development Plan has four main policy targets
- Bottom-up participation will be strengthened



## 4. Policy Goals of New Administration

### (1) Strengthening income safety net

- 100 thousand ha of paddy rice field will be reduced for 2018-19
- Direct payment program for rice will be less coupled with production
- Direct payment scheme will be reformed to strengthen cross compliance
- Crop insurance programs will be expanded
- Rural diversification(food industry, tourism) will be promoted to give more access to non-farm income for farmers

## 4. Policy Goals of New Administration

### (2) Innovation for sustainable agriculture

- Young start-up farmers will be provided comprehensive support
- Digital technology will be integrated into agriculture with regard to production, distribution and risk management
- Renewable energy generation will be promoted, including solar photovoltaic, biomass and geothermal heat

## 4. Policy Goals of New Administration

### (3) Enhancing food safety

- Bio-security system focusing on animal disease prevention
- Environment-friendly livestock industry to reduce pollution
- Comprehensive animal-welfare road-map will provide standards for facilities, maintenance and rearing density
- Labelling system for customers' knowledge about each livestock farm related to animal welfare and health
- Pesticide registration and traceability management system will be improved

## 4. Policy Goals of New Administration

### (4) Improving rural welfare

- Enhancing direct payment for retirement, farmland pension and basic pension to encourage aged and low-income farmers retire from production
- Building infrastructure including housing, traffic and medical condition
- Affordable transportation for the elderly and financially disadvantaged
- Rural rental housing with energy saving facilities and barrier-free design
- Medical outreach service for health check-up



## 4. Policy Goals of New Administration

### (5) Bottom-up policy participation

- Agricultural governance to reflect local and regional characteristics
- Policy design reflecting the opinion of farmers and customers

**Thank You**

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