

# GENERAL AGREEMENT ON

RESTRICTED

SCM/W/187/Add.1

9 May 1990

## TARIFFS AND TRADE

Special Distribution

Committee on Subsidies and  
Countervailing Measures

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REPLY BY THE REPUBLIC OF KOREA TO THE QUESTION  
RAISED BY AUSTRALIA ON THE NOTIFICATIONS OF SUBSIDIES  
UNDER ARTICLE XVI:1 OF THE GENERAL AGREEMENT<sup>1</sup>

Addendum

The Foodgrain Procurement Programme in Korea is aimed at securing a stable supply of the nation's main foodstuffs during an emergency situation such as war or natural disaster as well as minimizing serious price fluctuation, which might have a harmful effect not only on farmers but also on consumers.

Looking at the operation of the Programme in 1987, 14.3 per cent of the total rice harvest has been procured and the procurement price is 97.9 per cent of the farm households' selling price.

The rice produced under this Programme was for domestic consumption only and not for export. Therefore, there was no relationship between the share of world export trade in rice and Korea's Rice Procurement Programme. In this respect, it is the view of Korea that the Foodgrain Procurement Programme does not have a meaningful effect on international trade and can not be regarded as inconsistent with the provisions of the GATT.

With respect to the possible displacement of rice imports by the Programme, Korea has not liberalized imports of rice mainly for the reason of the nation's food security.

Concerning red peppers, we would like to state that there was a typographical error in the statistical figures provided in document SCM/W/187. The quantity of government purchase in 1987 was 2,200 tons instead of 22,000 tons and therefore the correct rated figure would be 1.6 per cent.

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<sup>1</sup>The notification of subsidies by Korea has been circulated in L/6111/Add.12. The questions by Australia on this notification have been circulated in SCM/W/165. See also SCM/M/44, paragraphs 61-62.