

Comprehensive Plan for Overseas Agricultural Development

(2012~2021)

2012.9.28

Ministry for Food, Agriculture, Forestry and Fisheries

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I. Background of planning and progress

1. Background of planning

- ❑ After the 2008 world food crisis, food prices appeared to stabilize. Then, in July 2010 and July 2012 they skyrocketed again. The fluctuations of the grain price cycle seem to have shortened.

- The main reasons are a diverse set of factors which increase grain prices as well as frequent abnormal climate phenomena.

* While the main reason for price hikes in 2008 was an increase in demand (economic development of emerging countries, biofuel, etc), after 2010 the main reason was a decrease in supply due to extreme weather such as droughts.

* Since 2005, international grain prices have increased in 2 or 3 year cycles.

- ❑ In the medium to long term, it is estimated that price volatility will expand due to structural imbalance* in the supply and demand of grain, oligopolistic grain market, and the intervention of international speculative capital.

* The rate of increase in demand (12.4%) is higher than that in production (11.3%) and supply volatility will be greater due to extreme weather and water shortages between 2012 and 2021. (OECD-FAO)

Korea's structure is vulnerable to international grain price fluctuations due to its high dependency* on grain imports and its concentration on a few countries** for imports.

- ❑ It is necessary to develop overseas agriculture while enhancing grain self-sufficiency by increasing domestic production.

* Korea is the world's sixth largest importing country with over 90 % of maize, wheat and soybeans imported.

** Import dependency from the main producing countries such as the USA and Australia are over 80% and Korea's dependency on imports for its four major grains is over 50%.

◆ Given the medium and long term instability in the supply and demand of international grains, we need a comprehensive plan to expand our agribusiness outside of Korea through overseas agricultural development and thus contribute to

world food security internationally and guarantee stability in the domestic supply and demand of major grains.

Recent trends and prospects for the international supply and demand of grains

- (Recent trend) After the 2008 world food crisis, food prices seemed to be stabilizing. Then, they skyrocketed in July 2010 and July 2012. The fluctuation cycle of grain prices seem to have shortened and volatility* is increasing.
 - The main reasons are a diverse set of factors increasing grain prices and frequent abnormal climate phenomena.

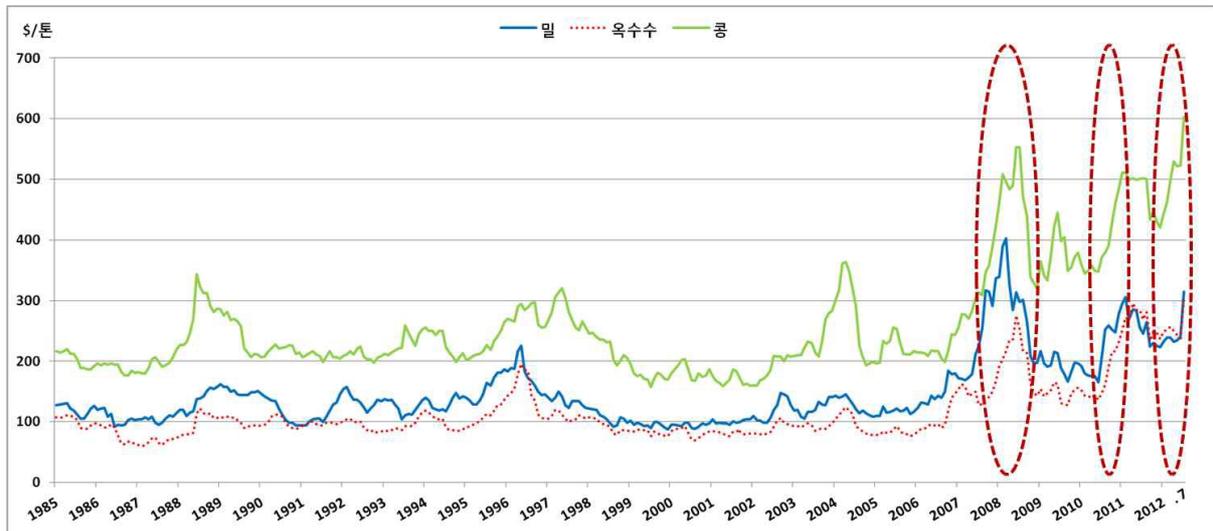
* While the main reason for price hikes in 2008 was an increase in demand (economic development of emerging countries, biofuel, etc), after 2010 the main reason was a decrease in supply due to extreme weather such as drought.

- Despite the slowdown in consumption growth in 2012 and 2013 due to the worldwide economic recession, there was a sharp decline in the amount produced there were concerns about the worsening instability in supply and demand. (USDA, August)

* It is estimated that international grain consumption in 2012 and 2013 (2.287 billion tons) exceeds production (2.247 billion tons) and in-stock rate will decrease from 20.7% (2010/11), 20.5% (2011/12) to 18.8% (2012/13).

Annual change in price of the main grains (wheat, maize, and soybean)

(: wheat : maize :soybean)



- (In the medium and long term prospect) Price volatility will likely increase due to the faster increase of demand relative to production, oligopolistic grain markets, and changes in international macro-economic variables.

* While demand increased 12.4% from 2012 to 2021, production increased 11.3% (OECD-FAO)

- (Demand) Demand will increase due to an increase in the world population [from 7 billion (2011) to 7.7 billion (2021)], economic growth in developing countries, and increase in biofuel production.
- (Supply) Supply volatility will worsen due to a slowdown in the growth of production,* extreme weather, desertification, water shortage, and restrictions on grain exports among the major countries.

* Rate of increase in world grain production: 2.5%/year (2009-2011) → 1.1%/year (2012-2021) (OECD-FAO)

- (Domestic supply and demand) Due to Korea's high dependency on a few countries and major grain companies, its structure is vulnerable during times of grain crises.
 - Grain imports in 2012 are expected to account for 74.7% of demand. Over 90% of maize, wheat, and soybean are likely to be imported.

- The grain with the highest proportion of imports is maize (55.3%). By usage, the proportion of grains used for livestock feed that is imported (63.2%) is much higher than the proportion of grains imported for food consumption (35.9%)

- Korea is the world's sixth largest grain importing country and the world's third maize importing country following Japan and Mexico.

< Prospects for domestic grain supply and demand (2012) >

(Unit: 1000 tons)

Category	Supply	Demand	Grain self-sufficiency rate (%)						
	balance carried over	production	import	food	For processing	For feed grain	Other	total	
rice	952	4,224	716	3,560	650	-	771	4,981	84.9
maize	575	74	8,317	77	1,885	6,641	14	8,617	0.9
wheat	387	42	4,102	1,101	987	1,962	92	4,144	1.0
soybean	85	129	1,329	74	344	1,024	8	1,454	8.9
others	119	293	569	165	646	66	27	904	32.4
total	2,118	4,762	15,034	4,977	4,513	9,693	933	20,114	23.7

*Other categories include seeds, export, waste and missing, etc.

* Self-sufficiency rate = production /consumption x 100

* Other grains: barley, potato, sweet potato, red bean, buckwheat, mung bean, etc.

* Import and consumption: average of the past three years for wheat, maize, and soybean, other grains are based on 2011 levels

- Dependency for imports on the major production countries, the US and Australia, is over 80% and dependency of the 4 major grain companies is over 50%.

* Grain import per country (% , 2011): the US- 55.4, Australia-14.0, Canada-10.8

** Import dependency from four major grain companies (% , average of 2007~2011): maize- 57.4, wheat- 48, soybean- 48.9

- While the policy of using idle land during winter will increase production and increase grain self-sufficiency rate, import dependency will still remain high.

* Self-sufficiency rate goal: 27.6% (2010) → 30% (2015) → 32% (2020) (Ministry for Food, Agriculture, Forestry and Fisheries, July 2011)

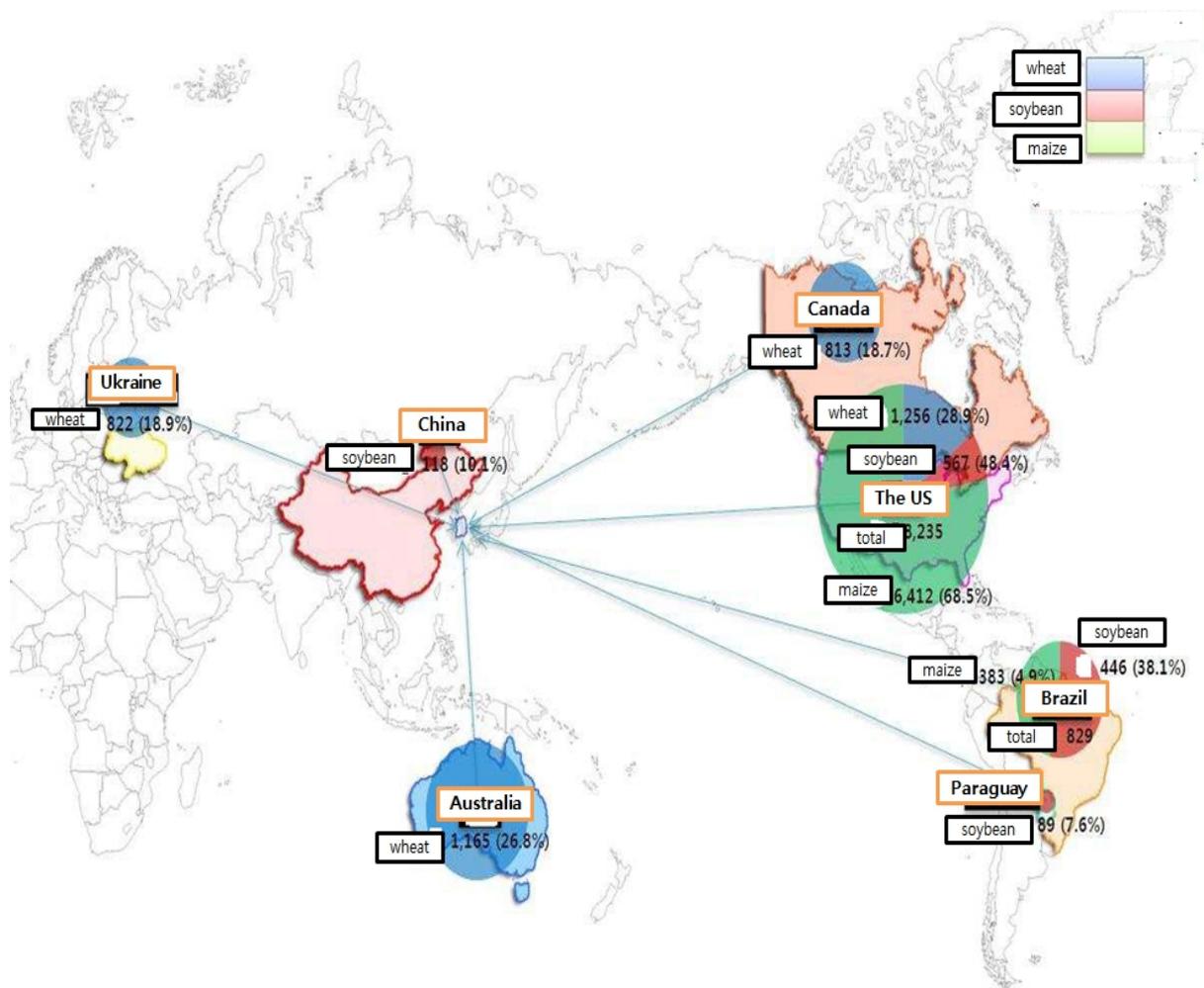
Reference

Status on Current Import of Major Grains in Korea (Average of three years 2009 ~ 2011)

- Countries from which Korea imports over 5%, by grain-

(Unit: 1000 tons)

** % is the proportion that Korea imports from the said country



2. Progress

- Active promotion of the overseas agricultural development policy by the establishment of a “10-year basic plan for overseas agricultural development” in 2009
 - Discussion on how to build a stable grain supply and demand system

through a national economic policy meeting (April, 2011) and risk management policy conference (January 4th, 2012)

- Legislation and implementation of “Overseas Agricultural Development and Cooperation Act” to provide the legal basis for promoting overseas agricultural development (January 15th, 2012)
 - Establishment and promotion of a comprehensive 10 year plan for overseas agricultural development every three years

- ◆ Overseas Agricultural Development and Cooperation Act. Article 5
 - The Minister for Food, Agriculture, Forestry and Fisheries shall formulate a comprehensive plan for overseas agricultural development every ten years. In such cases, he/she shall consult, in advance, with the heads of the relevant central administrative agencies.
 - The Minister for Food, Agriculture, Forestry and Fisheries shall determine a comprehensive plan for overseas agricultural development through deliberation by the Overseas Agricultural Development Deliberative Council under Article 6 and officially announce it.
- ◆ Overseas Agricultural Development and Cooperation Enforcement Ordinance. Article 4
 - The Minister for Food, Agriculture, Forestry, and Fisheries shall formulate a comprehensive plan for Overseas Agricultural Development and Cooperation every three years according to Overseas Agricultural Development and Cooperation Act. Article 5.

- Collection of a wide range of opinions for establishing a comprehensive plan for overseas agricultural development
 - Collection of expert opinions to set the direction for establishing a comprehensive plan for overseas agricultural development (January 2012 ~ April 2012)
 - Holding of a meeting with relevant experts from academic and business sectors (June 7th 2012)
 - Holding of a policy adjustment meeting of Ministry for Food, Agriculture, Forestry and Fisheries (June 28th 2012)
 - Consultation with relevant ministries (July 2012)
 - Deliberation by the Overseas Agricultural Development Deliberative Council (September 7th, 2012)

II. Current status and evaluation of overseas agricultural

development

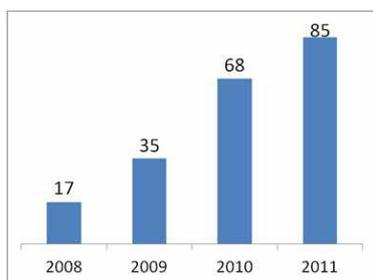
Progress of overseas agricultural development

- ◆ (1960s to 1970s) “Directed by the government,” the Emigration Act (March 1962) attempted to develop farms in Latin America but failed due to the selection of inappropriate land and lack of farming will.
- ◆ (Since the 1980s) While overseas agricultural development (Yunhaju, China, etc.) has been promoted “centered on private companies”, many of them withdrew* due to their lack of experience with large-scale farming.
 - Nonetheless, a few companies** are still operating stable business.
 - * Goryeohapsum(1995, Russia), Sunkyeong (1981, Washington), Daerukgaebal (1994~1998, China, Samkang Plain)
 - ** Pulmuwon (2003, China, contracted cultivation of organic soybean), Namyang Aloe (2002, Yunhaju, contracted cultivation of medicinal crops)
- ◆ The current administration is promoting the “10-year basic plan for overseas agricultural development (2009-2018)” to effectively support the operation of overseas agricultural development by private companies.
 - * To advance overseas farms and distribution projects, it is providing subsidies for a company’s production facilities, materials and loans for farming costs, subsidies for researching the investment environment (2012 budget: loans - 30 billion won: subsidies – 2 billion won)

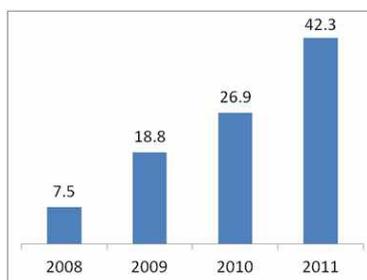
1. Evaluation of progress on the 10-year basic plan for overseas agricultural development

A. Accomplishments

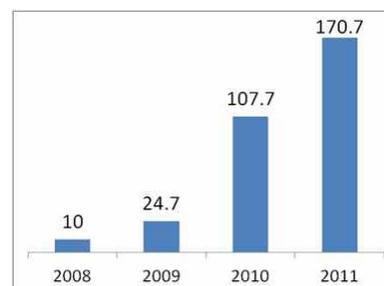
- Overseas agricultural development has greatly expanded: 85 companies operate in 20 countries, 4.2 million hectares were developed and 171 thousand tons of grains were produced and collected (2011).



The number of the companies operated abroad



The developed land unit:1,000 ha



Produced and collected grains unit: 1,000 tons

- In the process of promoting a distribution network in the US, the world’s

largest grain exporting country.

- Grain terminal project (west region in the US) of private company and establishing aT Grain Company consortium with Korea Agro-Fisheries and Food Trade Corporation and private companies

- Built a support system to revitalize overseas agricultural development
 - Established overseas agricultural development task forces in the Ministry for Food, Agriculture, Forestry, and Fisheries (International Cooperation Bureau) and the Korea Rural Community Corporation (Overseas Agricultural Development Support Center)
 - Started financial support for revitalizing overseas agricultural development
 - Support loans (annual interest 2 %) to overseas agricultural development companies
 - Improved the repayment period (repayment in seven years with a three-year grace period → repayment in ten years with a five-year grace period)
 - The Korea Rural Community Corporation took charge of tasks related to real estate mortgages, the level of burden for companies to pay del credere commission was reduced from 11.03% to 0.48%.
 - Legislated Overseas Agricultural Development and Cooperation Act to provide a legal basis for systematically supporting overseas agricultural development
 - Promoted diverse strategies between the private sector and public agencies to effectively promote overseas agricultural development
 - The government will provide information about land through negotiations between governments and support the system's stability, and the private sector will focus on production and distribution.
 - Connected ODA funding with overseas agricultural development to increase the effectiveness of overseas agricultural development while creating friendly conditions with the target government (win-win effect).*
- *ODA support (2010-2012) with agricultural equipment, process facility post-harvest, etc. in overseas agricultural development region of the Philippines

- Conducted joint private-public investigation on overseas agricultural investment climate, sharing relevant information (www.oads.or.kr) and professional manpower training

B. Challenges

- The number of overseas agricultural companies and the scale of investment have increased, but the scale of investment is still small compared to companies in developed countries.
 - * Average size of land developed by companies supported with loans: 539ha (2009) → 750 ha (2010) → 1,050ha (2011)
 - Due to the uncertainty of overseas agricultural investment, there weren't any investment outcomes from the MIFAFF Fund and Funds
 - Due to intensifying competition between countries, it has become more difficult to secure high quality overseas agricultural resources.
- Concentration of overseas agricultural development in specific regions and fields
 - The region is concentrated in East-South Asia and Yunhaju.
 - * As of the end of 2011, 84% of overseas agricultural development area is in Russia, Cambodia, and Indonesia.
 - Given the focus on grains, the connection between the external expansion of agribusiness and policies fostering food businesses.
- Low performance in the domestic entry of grains from overseas agricultural development
 - * In 2011, the grains brought back to Korea were 796 tons out of the 171,000 tons acquired by overseas agricultural development
 - It has been three years since the basic plan for overseas agricultural development (established in 2009) was actively promoted, so it is still too early to evaluate its effectiveness.
 - It is hard to strengthen competitiveness compared to major grain companies in the short term
 - * In the case of Japan, it took 20 years to develop farms in Serrado , Brazil and 30 years to settle grain distribution project (Zen-Noh: National Federation of Agricultural Co-operation Associations)

- Because it will take time to stabilize overseas agricultural development production, distribution and the connected import into domestic markets will require a long time.
- There is a lack of experts on large scale farming, distribution, and agricultural machinery fit for overseas agricultural development. There is also a lack of information in expanding new projects.
 - From the point of view of individual companies, there are limits in obtaining agricultural investment information at the country and regional level.

2. Evaluation of foreign cases and international trends

- Overseas agricultural investments is expanding because of grain importing countries – e.g. Japan, China, the Middle East – trying to achieve food security and European investment institutions seeking biofuel.
 - Japan and China select strategic regions and promote projects to secure overseas grains in the long run.
 - In the case of Japan, the private sector (Zen-Noh, General Trading Company) takes the lead. In the case of China, the local public corporations take the lead with support from the central government (financial support for local government)
 - * (Japan) Marubeni Corporation acquired Gaviolon in the US (5 billions dollars, May 2012) and has developed into the world's largest grain distribution corporation dealing with 40 million tons of grain every year. Zen-Noh (National Federation of Agricultural Co-operation Associations) finished linking producers, exports, and a livestock feed company in Japan.
 - * (China) In 2001, the government set the “Agriculture Going Out” as a national strategy and provided companies with subsidies to promote investment abroad.
 - Middle Eastern countries tend to expand their overseas agricultural development in neighboring countries such as Sudan and Pakistan.
 - Saudi Arabia and UAE secured large farming land in Third World countries.
- However, international discussion on the increase of large-scale overseas

agricultural investments has become more active with the emergence of side effects and problems.

- The main issues are the impact on the food security of developing countries, the dismantling of local communities, environmental destruction in the course of development, etc.
- International institutes such as the FAO and the World Bank are discussing establishing guidelines and basic principles for investments related to overseas agricultural development investments.
 - The results of these discussions are likely to be developed into international regulations on agricultural investment

* In May 2012, The FAO Committee on Food Security issued “Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security.”

* The World Bank, FAO, IFAD, and UNCTAD have jointly discussed seven principles for agricultural investment and plan to establish basic principles by the end of 2013 in accordance with FAO Guidelines. ① Existing rights to land and associated natural resources are recognized and respected. ② Investments do not jeopardize food security but rather strengthen it. ③ Processes relating to investment in agriculture are transparent, monitored, and ensure accountability by all stakeholders, within a proper business, legal, and regulatory environment. ④ All those materially affected are consulted, and agreements from consultations are recorded and enforced. ⑤ Investors ensure that projects respect the rule of law, reflect industry best practice, are viable economically, and result in durable shared value. ⑥ Investments generate desirable social and distributional impacts and do not increase vulnerability. ⑦ Environmental impacts of a project are quantified and measures taken to encourage sustainable resource use, while minimizing the risk/magnitude of negative impacts and mitigating them.

➔It is necessary to promote overseas agricultural development by drawing lessons from foreign cases of overseas agricultural development, minimizing trial and error, and respecting international regulations on overseas agricultural investment.

III. Goals and Strategies

Goal	Securing 35% of domestic grain consumption through overseas agricultural development by 2021
Strategie	◆ Support strategic expansion of overseas agricultural development in

s	consideration of regional and national characteristic of agriculture ◆ Greater promotion of private overseas agricultural development investments and strengthening of networking ◆ Win-win cooperation for world food security and cooperation with international society
Main Tasks	Diversify the regions for overseas agricultural development
	② Revitalize the entry of overseas grains into the domestic market
	③ Foster companies for overseas agricultural development
	④ Reinforce systems of support for overseas agricultural development
	⑤ Strengthen cooperation with international society for international food security

IV. Main Challenges

1. Diversification of regions for overseas agricultural development

A. Priority regions

- Selecting 14 countries in 5 regions and promoting diversification to examine the ability to cope with a food security crisis
- Taking into account production, export potential, investment conditions, and distribution environment and selecting regions favorable for export

Region	Priority Countries	Region	Priority Countries
Northeast Asia	Russia (Maritime Province, Amur Oblast)	East Europe	Russia (coasts of the Black Sea), Ukraine
Southeast Asia	Cambodia, Myanmar, Laos, Vietnam, Philippines, Indonesia	South America	Brazil, Argentina, Paraguay
		North America	USA, Canada

B. Expansion Strategy into each region

	Regional Characteristics	Expansion Strategy
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<p>Northeast Asia (Russia Maritime Province, Amur Oblast)</p>	<ul style="list-style-type: none"> ○ strong points: broad arable land, the Russia government's strong desire for development ○ weak points: lack of infrastructure 	<ul style="list-style-type: none"> ○ main crops: maize, soybean ○ connecting livestock and food industry, and distribution with large farm development ○ making strategic cooperation with Russian companies for distribution channel
<p>Southeast Asia (Cambodia, Myanmar, Laos, Vietnam, Philippines, Indonesia)</p>	<ul style="list-style-type: none"> ○ strong points: amicable conditions for investment, favorable weather, geographic proximity ○ weak points: lack of infrastructure and limits in the scale of arable land 	<ul style="list-style-type: none"> ○ main crops: cassava, maize ○ accumulating experience through small scale farms, focusing on building relationships with local companies ○ making medium-long term strategy on distribution industry
<p>East Europe (Russia coasts of the Black Sea, Ukraine)</p>	<ul style="list-style-type: none"> ○ strong points: large scale arable land, fertile and black soil ○ weak points: lack of distribution infrastructure, measures restricting exports, and political instability 	<ul style="list-style-type: none"> ○ main crops: wheat ○ focusing wheat for food - support actual demand industry like a milling company and expand to storage and distribution industry ○ strengthening bilateral and multilateral efforts to curb measures restricting export
<p>South America (Brazil, Argentina, Paraguay)</p>	<ul style="list-style-type: none"> ○ strong points: high market share for soybean and maize exports, complementary relation of seasonal harvest with North America ○ weak points: lack of production and distribution infrastructure 	<ul style="list-style-type: none"> ○ main crops: soybean, maize ○ moving forward centered on distribution company - induce the investment from local Korean general trading companies and shipping company enterprises
<p>North America (USA, Canada)</p>	<ul style="list-style-type: none"> ○ strong points: most advanced infrastructure of grain production, distribution, and export ○ weak points: difficulty in entering a 	<ul style="list-style-type: none"> ○ main crops: wheat, soybean, maize ○ promote the entry into the markets by building strategic

	market dominated by Grain Majors	cooperative relationships with the grain majors - disseminating diverse investment models early on based on successful cases
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C. Phased Strategy

- (farm development) After securing land in a promising area, expand to nearby areas and prepare a local distribution network
 - (first phase) Secure land for cultivation, take over a local farm, or acquire shares of a farm, conduct test cultivation, and then build a full-scale production system.
 - (second phase) Promote the expansion of farms to include surrounding uncultivated lands and develop related industries such as agricultural machines, inputs, storage and processing
 - (third phase) Expand production scale by utilizing contract farming or purchasing, and after improving competitiveness, connect with local distribution channels.

- (building distribution) After procuring the distribution channel of grains, expand to production, collection, storage, and processing, and improve competitiveness
 - (first phase) Secure export EL through joint conducting with major agricultural companies or acquiring shares to accumulate grain distribution experience and knowhow
 - (second phase) Build a product elevator for securing produced grains or move forward in a diversify such as cooperation with production organizations
 - (third phase) Build the grain production and distribution channels and systemize the whole process of production, collection, storage, processing, and distribution

Distinction	First phase <securing a bridgehead>	Second phase <expanding and scaling>	Third phase <improving competitiveness>
Farm development	<ul style="list-style-type: none"> ○ Encourage corporate interest in overseas agricultural development ○ Secure and improve arable land overseas ○ Select suitable crops and learn technology through test cultivation 	<ul style="list-style-type: none"> ○ Expand the scale of arable land ○ Revitalize inter-company network and connect with local product distribution ○ Allow all related industries to enter 	<ul style="list-style-type: none"> ○ Self-production and contract farming with local farmers ○ Build the foundation for distribution of products and prepare the foundation to connect with export distribution channel
Building the distribution channel	<ul style="list-style-type: none"> ○ Build strategic partnership with grain majors ○ Establish distribution channel in the US 	<ul style="list-style-type: none"> ○ Expand the project by securing elevators in producing areas or riversides ○ Diversify grain distribution channels such as Brazil 	<ul style="list-style-type: none"> ○ Systemize the whole process of production, collection, storage, processing and distribution

2. Revitalization of the entry of overseas grains into the domestic market

- Strengthen support for distribution companies favoring entry of grains produced overseas
 - Expand the scope of financial support for distribution businesses
 - (current) Support costs of drying, storage, and processing facilities
 - (improved version) also support the cost of purchasing grains
 - * Execute after a comprehensive examination of grain purchase, storage, and financial support procedures
 - Improve system to allow for the application of TRQ conditions on agricultural products imported from overseas agricultural development (e.g. application of quota auction system)
 - Facilitate the participation of shipping companies or general trading companies in the grain distribution business
 - In order to reduce local distribution costs and reduce investment risk, use the facilities of local distributing companies and strengthen partnerships

with them.

- ❑ Facilitate the participation of actual demand companies in overseas agricultural development
 - Facilitate the expansion of investment by actual demand companies such as those for food or animal feed and build mutual strategic cooperation among overseas agricultural development companies.
- ❑ Support the improvement in quality of grains produced by an overseas agricultural company
 - Support the development of research on developing and disseminating seeds suitable to local conditions, various distribution technologies such as post-harvest management, and research related to food processing
- ❑ Prepare a manual on the entry of grains produced overseas during grain supply and demand emergencies
 - Prepare phased measures on different danger levels based on a comprehensive analysis such as global grain price trends
 - Manage data such as global grain supply trends and state of stocks, main exporting countries' export amounts by item, and grain exporting countries' main exporting ports and routes

3. Promotion of companies for overseas agricultural development

A. Diversification of government support to companies conducting overseas agricultural development

- ❑ Promote the government's diverse support such as financial aid and taxation support
 - Expand items eligible for financial aid
 - While still emphasizing crops, expand to bio-energy, bulk feed, and ingredients for domestic foods such as sugar cane, coffee, oilseed crops.
 - * Prioritize support by the food security risk of a crop
 - Expand and diversify investment resources using MIFAFF Fund of Funds or Korean Export and import bank along with government loan aid.
 - Facilitate the establishment of an overseas agricultural development investment firm and a firm expert in investments in order to promote

investment and strengthen expertise.

- Invest in MIFAFF Fund of Funds for overseas agricultural investment firms, etc in order to facilitate the revitalization of agency and private investment.
- Host periodic road shows on overseas agricultural development investment
- Upon evaluation of the business plan, provide special loans (e.g. unsecured) for companies which achieve good results in the import of grains
- Upon consultation with related ministries, provide various taxation support such as corporate tax exemption for dividend income received from overseas agricultural development investments
- Simultaneously strengthen all related industries to create a value chain through the systemization of cultivation, purchase, processing, and distribution of agricultural products
 - Facilitate participation of relevant companies through investigation of the overseas agricultural investment environment and local conditions, and presentations for encouraging overseas agricultural development
 - Provide financial support for companies connected to overseas agricultural investment companies

B. Promotion of expert manpower and support consulting

- Strengthen the nurturing of expertise in fields such as large-scale farming, global grain distribution, strategy for advancing overseas, administration and financial management
 - Support the operation of short-term education (3~6 months) for on the job training and reeducation for those already working at an overseas agricultural development company or planning to do so in the future
 - Facilitate the opening of a graduate school for advanced expertise on overseas agricultural development and provide opportunities to study in developed countries
 - Expand the base of young people involved in overseas agricultural

development

- Support the establishment of curriculum on overseas agricultural development in agricultural colleges

For example, support field trip costs such as airfare for students in universities that have established summer school programs related to overseas agricultural development

- Support the cost of experiments or part of the cost of stay for graduate students preparing a dissertation on overseas agricultural development so that they could research and study on site

- Expand intern program to connect with promotion of technological professionals and employment of an overseas agricultural development company

○ Education costs and support would be shared between the government, related companies, and universities.

□ Expand the expertise pool for agricultural technology, law, administration, financial management by sphere and by region and expand consulting support

○ Utilize retired or overseas experts with lots of relevant experience and provide necessary on the field consulting support.

○ Invite domestic and international experts and provide opportunities for exchange of information through symposiums or workshops with relevant businesses and academics.

○ Collect and disseminate success and failure stories of overseas agricultural development companies

C. Activation of cooperation between public and private

□ The government should establish the foundation on which the private sector can build on by preparing a dialogue channel with their counterparts in the overseas agricultural development through MOU for agricultural cooperation.

○ The government should support the acquisition of land by companies, the execution of administrative procedures, and the resolution of difficulties.

○ In order to reduce the initial investment risk for a company and to overcome

the limitations of private led development, joint cooperation between private and public should be promoted.

- ❑ Connect ODA credits/grants to overseas agricultural development to support a company's settlement for overseas agricultural development and create a favorable environment with the government.
 - In order to improve a company's productivity while reducing its burden, use ODA to support social infrastructure (e.g. road, electricity, irrigation facilities) for agriculture
 - Maintain close cooperation with EDCF and KOICA and have them consider overseas agricultural development when deciding partners to target for ODA and establish a cooperation strategy for each country
- ❑ Make KOPIA activate technological support for Korea companies overseas
 - Expand the KOPIA offices and activate technological support such as selection of crops best suitable to local conditions and cultivation techniques
 - * number of countries where KOPIA is located:
('09) 6 countries – ('10) 10 countries – ('11, '12) 15 countries
 - Establish farming contracts for the mutual development of overseas agricultural companies and local farms which would receive technical aid
 - *KOPIA conducted this kind of contract farming in Vietnam. As a result, the local farm was able to raise its income, and the company had a stable supply of high-quality potatoes.

4. Reinforcement of the support system for overseas agricultural development

A. Strengthening services that provide information on the investment environment

- ❑ Expand investigation of the agricultural resources and survey the investment environment of each region and country
 - Conduct periodic investigation of agricultural resources of each country and provide variable information such as agricultural policy, agricultural systems and investment environment at the appropriate time
 - * The investigation of 22 countries had been conducted between 1997~2011 but never re-conducted to update the data of countries who were investigated long before.

- Expand support of investment environment surveys customized for companies deciding whether or not to enter this business, their entrance strategies, and an expansion strategy for companies already in operation
 - * Aided 21 companies (13 countries) between 2009~2011 and in 2014, we will aid 4 companies
- Strengthen data collection through governmental channels such as agricultural cooperation committee to support the collecting of data and information related to a developing country's agriculture
 - * the collecting of data through agricultural cooperation committee (Ministry for Food, Agriculture, Forestry and Fisheries), data on a target country's trends (Ministry of Foreign Affairs and Trade), business data (e.g. Korean Rural Community Corporation, Korea Agro-Fisheries and Food Trade Corporation, KOTRA)
- Strengthen the data and information collection and management functions of the Korean Overseas Agricultural Development Association
 - Transfer data collection and management functions from the Korean Rural Community Corporation (KRCC) to the Korea Overseas Agricultural Development Association (KOADA)
 - Establish and run an "Information Center on Overseas Agricultural Development" within KOADA to strengthen expertise in data management
 - * The KRCC is currently running "Comprehensive Information System for Overseas Agricultural Development" that provides the relevant investment information, but it lacks an organization in charge and human resources

B. Building an organic cooperation system with related institutions

- Reinforce the operation of Overseas Agricultural Development Council (chair: first vice-minister of Agriculture, Food, Forestry and Fishery Ministry) to discuss and coordinate the main policies of overseas agricultural development
 - Share information on information about related government ministries and agencies'* support of Korean companies and improve the synergy effect through systematic support
 - * Agriculture, Food, Forestry and Fishery Ministry, Rural Development Administration, Korean Forest Service, Korean Rural Community Corporation, Korea Agro-Fisheries Trade Corporation, National Agricultural Cooperative Federation

- Strengthen mutual assistance between related ministries and institution in policies and projects on overseas agricultural development
 - * financial and taxation aid (e.g. Ministry of Strategy and Finance, Korean Export and Import Bank), ODA (e.g. Ministry of Strategy and Finance, Ministry of Foreign Affairs and Trade), Overseas information collection and diplomatic cooperation (e.g. Ministry of Foreign Affairs and Trade, Ministry of Knowledge Economy)
- Have diplomatic offices in foreign countries and KOTRA provide local information and support companies entering those countries
- Revitalize the operation of Korean Overseas Agricultural Development Association established (May 2012) by companies overseas and strengthen information exchange
 - Strengthen its support roles such as research on investment feasibility, education and training, data and information collection, investment promotion, guide for raising funds, research on related systems, and improvement proposals
 - Establish a consultation council in each zone and region, promote networking among companies and sharing of information
 - Support revitalization such as hosting seminar and workshop based on the region where the companies' projects are active

5. Strengthening of cooperation with international society for global food security

A. Expanding support for food security in developing countries

- Pursue a win-win strategy which strengthens agricultural development cooperation to help improve the productivity of developing countries with a high dependency on import and lack of food security
- Strengthen cooperation for mutual food security among countries. For example, participation in APTERR: ASEAN Plus Three Emergency Rice Reserve
 - * Each country promises its rice reserve (total 787,000 ton; 150,000 ton from Korea) in advance and stocks up; then in emergency, these reserves can be sold, long-term loans can be provided, or grant aid be provided.

B. Strengthening cooperation with international societies for stabilizing global food

market

- ❑ Sharing information about global grain supply and price with international institutions such as the FAO and APEC and strengthening cooperation for food security
 - Active participating in building FAO's market information system of agricultural products, APEC's Asia-Pacific Information Platform for Food Security
 - Strengthen cooperation with Rapid Response Forum* and APEC's Emergency Food Response Mechanism
 - * RRF (Rapid Response Forum): high level discussion between affected countries on joint response measures during food crises
 - Active participation to create international rules on overseas agricultural investment
- ❑ Active participation in multilateral consultation councils such as the G20, APEC, and UN while negotiating bilateral deals with export countries in order to limit restraint measures on exports by grain exporting countries.

* In the May 2012 APEC Food Security Agricultural Ministers Meeting in Kazan, Russia, our position reflected the need to limit food exporting countries' restraints on exports.

* August 23, 2012 President Lee Myung Pak submitted a letter in the G20 Summit for the stabilization of grain prices