To prepare the case studies, would you please provide information on the following set of questions? NB: If you answer positively to question 1, please answer question 2 to 6. If not, please answer question 7. In all circumstances, please answer questions 8 and 9 .

1. Is there a monitoring entity of food prices, food price transmission and/or of contractual arrangements along the chain in your country? What is its name? When was it established? Does it look specifically at certain products/sectors?

In Korea, we have an organization, named Agricultural Outlook Center, under Korea Rural Economic Institute or KREI, to estimate the current and future status of agricultural prices as well as supply and demand. Established in 1999, the Agricultural Outlook Center has been monitoring a total of 35 items. (10 items of vegetable, 6 of fruit, 7 of fruit-vegetables, 6 of livestock product, and 6 of grain)

2. What is the rationale behind the existence of this monitoring entity? What does it add to what was done in the past in terms of monitoring food prices in your country?

KREI is designated as an organization which is exclusively responsible for agricultural monitoring in Korea based on Act on Distribution and Price Stabilization of Agricultural and Fishery Products. The prices of agricultural products, especially of ground vegetables, are greatly unstable in Korea as a result of sudden changes in the size of cultivated areas and the status of crop yields. The transactions are also largely unstable in the distribution phase according to the interests of distributers. To be prepared for the instability the Korean government basically uses the agricultural monitoring information on the trend and outlook for weather conditions, outputs, crop yields, and agricultural prices in devising its policies for stability in agricultural supply and demand. The Agricultural Outlook Center also provides advices to the government regarding the policies while monitoring agricultural prices.

3. Can you identify three key objectives of this institutional initiative? Have they been reached? Did you set up an assessment process? Can you describe experiences that were not as successful?

The three key objectives of the Agricultural Outlook Center are: 1) to monitor and assess the trends in agricultural supply and demand as well as the prices; 2) to provide the short term estimates of the supply and demand and the prices based on the weather conditions, outputs and crop yields; and 3) to facilitate a wider use of the produced information, including assessments and estimates. While these objectives have been met to some extent, the accuracy of the price estimates and the level of users' satisfaction with the information are evaluated by an expert institution on two or three year period. However as the subject vegetables are sensitive to weather condition, when heavy flood, drought, or cold-weather damage cause sudden change in production, the actual outputs show decrease compared to those short term estimates.

The three key objectives of the Committee are; i) to continuously monitor the supply and demand situation of agricultural products and share the information with the stakeholders, ii) to improve the supply and demand system by setting minimum prices and making guidelines to control the supply and demand and iii) to give swift advices for the government's policy settings on supply and demand controls. These objectives have been achieved to some extent. However a clear assessment process has not been established yet.

The price fluctuation range has not been reduced after the Committee was established. It is assessed that one of the reasons is because the time that takes from setting measures to implementing the measures has not been reduced substantially.

4. Who are the "clients" of this monitoring entity: government, specific stakeholders along the chain, consumers? How do they use the tool to your knowledge?

The clients for the monitoring information produced by the Agricultural Outlook Center include farmers, distributers and the government. The farmers and producers' groups use the information on the trend and outlook of agricultural prices to decide when to release their products to the market. They also decide what to grow for the next season, utilizing the study on the intended cultivated area. Distributers also make decisions on the amount of stocks and when and how much they release to the market based on the monitoring results. The government, as I mentioned above, also uses the information to establish its policies for stable demand and supply of agricultural products.

5. What is the cost of getting this monitoring entity up and running in terms of:

- Involvement of ministries, statistical offices, stakeholders along the chain
- Financial implications for its regular functioning

The annual operating costs for the Agricultural Outlook Center amount to about 8 billion won, which is 100 percents paid by the government. It covers the costs for information collection, experts, researchers, etc. To produce the information, farmers, producer organizations including the National Agricultural Cooperative Federation, distributers and government officials attend an advisory committee to exchange their views. The National Statistical Office also consult on generating such agricultural outlook information.

6. What are the future plans for this entity?

It plans to improve the accuracy of agricultural monitoring and facilitate the use of the produced information among the farmers. To this end, it will create more sophisticated model for estimating the yield production per unit which links the weather conditions with agricultural growing. It will also adopt agricultural monitoring as an official subject in an educational program for farmers which is provided in the beginning of every year to raise awareness among farmers.

8. Does the private sector have a demand for and willingness to provide greater transparency regarding price formation along the food chain according to your experience?

Yes, the private sector does. Both the producer groups and consumer groups have a demand for transparency regarding price formation and they are more than willing to provide information.

9. Have you identified impediments to price transmission along the food chain? What policies do you think might help mitigate those impediments? Have policy actions been taken? For example, have measures been taken to ensure that food markets are *competitive and integrated* in your country? What is your assessment of their effectiveness? Are any future policy initiatives affecting relationships along the food chain in the pipelines?

The Korean government has provided support for a fair price to be set through bidding by establishing a public market in the phase of wholesale, the center of whole distributing process, for a smoother price transmission. It has also supported a wider use of that price setting information. This policy is appreciated as highly effective.

Korea established a public wholesale market in the wholesale level (center of distribution levels) for smooth price transmission. Also the government provided support so that fair price will be set in the public wholesale market through bidding, and the information can be shared by many people. This policy is assessed to be quite effective.