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Saving 624.1 billion Korean won by Improvement Plans for the Distribution of Agricultural Products

- Ministry of Agriculture, Food and Rural Affairs Announces 3rd year Supplementary Plans for Improvement Measures on the Distribution of Agricultural Products-

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<Major Points>

□ (Background) The Ministry of Agriculture, Food and Rural Affairs (hereinafter ‘MAFRA’) is reviewing the results after three years since the announcement of improvement measures on the distribution of agricultural products (May 27, 2013) and is planning for a detailed supplementary plan.

□ (Results) The outcome of improvement measures on the distribution of agricultural products continued to spread for the last two years.

○ Saving 33,811 Korean *won* (‘KRW’) per household by decreasing the distribution expense (KRW 624.1 billion)

○ Key indicators constantly rose such as agricultural products price fluctuation ratio, direct transaction and fixed price contract & private contract (定價▪隨意賣買)¹.

Amount of decreased distribution cost (unit: KRW trillion)	Percentage of new distribution system	Percentage of fixed price contract and private contract	Percentage of change in five major vegetable																								
<table border="1"> <tr> <th>Year</th> <th>Amount (KRW trillion)</th> </tr> <tr> <td>2012</td> <td>0.29</td> </tr> <tr> <td>2014</td> <td>0.62</td> </tr> </table>	Year	Amount (KRW trillion)	2012	0.29	2014	0.62	<table border="1"> <tr> <th>Year</th> <th>Percentage</th> </tr> <tr> <td>2012</td> <td>8.4%</td> </tr> <tr> <td>2014</td> <td>14.4%</td> </tr> </table>	Year	Percentage	2012	8.4%	2014	14.4%	<table border="1"> <tr> <th>Year</th> <th>Percentage</th> </tr> <tr> <td>2012</td> <td>8.9%</td> </tr> <tr> <td>2014</td> <td>14.1%</td> </tr> </table>	Year	Percentage	2012	8.9%	2014	14.1%	<table border="1"> <tr> <th>Year</th> <th>Percentage</th> </tr> <tr> <td>2012</td> <td>14.0%</td> </tr> <tr> <td>2014</td> <td>9.8%</td> </tr> </table>	Year	Percentage	2012	14.0%	2014	9.8%
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□ (Future Plans) 13 new projects will be launched aside from the original 83 projects.

○ In order to stabilize the price of agricultural products, contract-based vegetable business will be reorganized to vegetable stable production and shipping business.

The business will be diversified by large retailers, processing manufacture companies and feeding

¹This system was introduced to wholesale market whose price decision is decided mainly by auction in order to mitigate the price volatility in August 2012. It is divided by fixed price contract and private contract. The former one is the way which the price is fixed before transaction while the latter is the one which fixes the terms and conditions of transaction without previously deciding the price

service centers at school.

- In order to activate direct transaction, establishment of big-data between producer and consumer, producer-consumer matching system will be supported (referring to direct transaction legislations,)
- To collectivize production at site, comprehensive plan for horticultural industry in the region will be established as well as support for consultative group at the place of production and management body of upland agricultural community will be available.

1. Progress

□ Comprehensive Plan for Improvement on the Distribution of Agricultural Products (hereinafter ‘**Comprehensive Plan**’), being one of the major projects of President Park Geun-hye Administration, is at its third year.

○ The Comprehensive Plan was formulated in order to alleviate distribution cost, unstable price and decoupled connection between the price by producer and the price at the place of consumption) after the foundation of President Park Geun-hye Administration (May 2013).

* 62 projects (34 completed, 28 on progress) were selected based on five major areas (Appendix 4) in order to achieve ‘a sustainable distribution eco-system in which producer sells at the right price and consumer buys at cheaper price’.

○ Last year (May 2014), the evaluation on the first year of the project was being done. Then, Supplementary Plans on Improvement on the Distribution of Agricultural Products (hereinafter ‘**Supplementary Plan**’)

* 21 projects are newly established. Among them, 13 projects are completed and the other eight are in progress.

□ At the third year of progress of the Comprehensive Plan, MAFRA (Minister LEE Dong-Phil) evaluated the achievements of the last two years and announced the Supplementary Plan.

○ The achievements and supplementary projects are as follows.

2. Achievements during the last two years and directions for the third year progress (Supplementation)

A. Achievements

[The distribution cost is decreasing due to direct transaction and the systemization of distribution]

□ For the last two years, due to the increase of size of direct transaction and competition between wholesalers, distribution cost in 2014 has decreased by KRW 624.1 billion.

○ The main reasons for such phenomenon are: expansion of infrastructure regarding direct transaction such as local food store.

* Local food store (number of stores/sales): (2012) 3/ KRW 6.2billion → (2013) 32/KRW 31.7billion → (2014) 71/KRW 95.0 billion

* Percentage of New Distribution: (2012) 8.4% → (2013) 10.9 → (2014) 14.4

- The growth of ICT-based new distribution model such as POS-Mall, direct transaction platform called 'Neighbor Rural Area' was a major factor (POS-Mall: Online market only for farm and fishery products, where the small traders who operate small-size restaurant can purchase food stuffs directly through POS (Point-On-Sale) system. POS system is the terminal for paying by credit card, etc.)

* Sales of Cyber Exchange: (2012) KRW 1 trillion 114.6 billion → (2013) KRW 1 trillion 607.3 billion → (2014) KRW 2 trillion 213.1 billion (including fishery and processed products)

○ Further, a new practice of direct transaction between large retailers and place of production is increasing.

* Number of E-mart selling products through direct transaction from the place of production: (2013) 50 stores → (2014) 80 stores.

* Expansion of direct transaction in Galleria Department Store: (2005) 14 farm households/70 items → (2014) 31/200

- The establishment of wholesaler-centered distribution industry such as NACF Ansong Distribution Center contributed to the shortening of the level of distribution.

* Result of wholesalers: (2012) 432,000 tons/KRW 959.6 billion → (2013) 452,000 tons/ KRW 1 trillion 4.7billion → (2014) 515,000 tons/KRW 1 trillion 7 billion

* Percentage of packer sales: (2012) 10.9%/4.7% → (2013) 19.2/9/7 → (2014) 24.9/16.9

[Drastic alleviation of the price fluctuation on agricultural products in the market due to systematic control of supply]

□ Proactive supply plans and diversification of wholesale market transaction policy is leading to decrease of uneasiness in the market and is alleviating the price fluctuations.

* Price fluctuation ratio in five major vegetable: (2012) 14.0% → (2013) 12.9 → (2014) 9.8

○ Proactive measures such as operation of supply manual, the price was stabilized within a short

period of time without a considerable disorder, even in the imbalance of supply due to large scale of excessive supply.

* Onion: (January) KRW760/kg → (March) 558 → (June) 430 → (September) 548

○ Activation of private fixed price contract due to decrease of commission fee in wholesale market and the establishment of reservation transaction and shipment information system is relaxing price volatility.

* Decrease in market using charge (0.5% → 0.3) and facility using charge (5% → 0) (2014 Amendment of Enforcement Decree of Act on Distribution and Price Stabilization of Agricultural and Fishery Products)

* Percentage of private fixed price contract in wholesale market: (2012) 8.9% → (2013) 9.9 → (2014) 14.1

B. Direction of third year plan

□ Based on Five Major Parts, sections in which achievements were made during the past two years will be further supported and weak parts will be supplemented.

* ① Proactive control of supply, ② New paths of distribution, ③ Systemization of distribution, ④ Efficient wholesale market, ⑤ Observation

○ Especially, price fluctuation and low price problems due to climate change and area of production will be supplemented continuously.

□ Based on a free competition between distribution entities, the government will induce optimal production and consumption by accurate observation and provision of information on production, distribution and consumption.

○ Taking into account that agricultural products face regular price fluctuations, advertisement will be enhanced in order to acquire understanding and trust on the government policy from the producer and consumers alike.

3. Third year supplementary plans for improvement measures on the distribution of agricultural products

① Enhancement on proactive, self-regulation on the supply and demand management

□ In contrast to the past, the supply and demand policy is contributing to the early stabilization of agricultural and fishery market based on ‘participation and agreement’ between parties and away from the government control.

○ Based on ‘Supply and Demand Control Manual’, a stable range of price is set. The policy

according to the level of crisis is open to public beforehand. This helps a self-regulating system of supply and demand and thus reducing price fluctuation.

* Rate of price fluctuation on major vegetables: (2012) 19.0% → (2013) 12.9 → (2014) 9.8

○ As contract cultivation expanded, uneasiness in the market decreased and there is a considerable contribution to maintain a stable basis of production among the farmers.

* Percentage of contract cultivation in vegetables: (2012) 12% → (2013) 14 → (2014) 18

□ However, proactive supply and demand control, such as optimal cultivation, was not executed since the production stage and thus low price tendency continued. Further, limits of contract cultivation are appearing.

[A great change in contract cultivation such as the introduction of vegetable production and shipment stabilization project]

□ Contract cultivation project will be reorganized to ‘Vegetable Production and Shipment Stabilization Project’ in order for a substantial stabilization on supply and demand.

○ Contract cultivation project will be diversified from NACF-centered to large retailers and processing companies and support will be expanded mainly to the fixed demand area.

○ Stable Production Project will be introduced which ensures certain price on contract amount in order to induce proper area cultivation beforehand by measures such as area control at growth stage.

* (example) The amount will be set to 80% of the average income, considering item and contract amount. The central government, local government and producer will jointly finance the project.

□ ‘Stable Price Level’ on agricultural products-which contributed greatly on the stabilization of supply and demand on agricultural products for the last two years-is planned for further development.

○ The policy will be made more effective by further applying direct and indirect management cost when setting the price per level of crisis on the Supply and Demand Manual.

○ In order for executing supply and demand plan before the crisis, the introduction of a preparatory stage will be considered.

② Expansion of alternative distribution method such as direct transaction

□ Direct transaction, which was promoted to achieve ‘increased distribution efficiency by competition’, is becoming a new standard for alternative distribution method.

○ As new distribution method such as local food direct market is gaining reputation among consumers, these new methods are contributing to the decrease of distribution cost.

* Sales record of local food direct market: (2013) KRW 69.4 billion → (2014) KRW 170.4 billion,

Sales record of *direct transaction between small-sized farmers and consumers (Guromi)*: (2013) KRW 19.3 billion → (2014) KRW 31.9 billion (Guromi: Consumer gives orders of purchasing several farm products yearly or so through paying in advance. Farmers send the products which they grow to consumer weekly.)

Sales record of direct transaction market: (2013) KRW 161.9 billion → (2014) 187.2 billion

* Decrease of distribution cost: (2012) KRW 291.9 billion → (2013) KRW 424.8 billion → (2014) KRW 624.1 billion

○ Infrastructure for direct transaction based on ICT such as POS-Mall (September, 2014), online direct transaction platform ‘Rural Neighborhood’ (September, 2014) are continuously expanding.

□ However, lack of information about the place of production and consumption and other malpractice maintain as obstacles.

[Expansion of new distribution method such as direct transaction decreased KRW 731.8 billion worth of distribution Cost in 2015]

□ Considering recent trends on return-to-farming with the world-class IT and logistics, a basis for direct transaction is well-established in the Republic of Korea.

○ A fundamental plan for the expansion of direct transaction is being formulated by establishing big data centered on the place of production and consumption and direct transaction matching system between the place of production and consumers.

○ Moreover, in line with the Direct Transaction Act going into effect on June 2016, basic plans for direct transaction vitalization, accreditation system of excellent direct market and advertisement to citizens will be carried out.

□ Further, the direct transaction method with high satisfaction from consumers will be expanded.

○ Infrastructure for direct transaction will be expanded such as local food market (until 2015: 100 markets) and direct transaction utilizing traditional market and public parking lot will be encouraged.

○ Concerns on utilizing POS-Mall such as joint packaging on small amount of various items, expansion of milk-run logistics will be improved.

- Online-based direct transaction model such as Rural Neighborhood, public television shopping channel focusing on agricultural and fishery products will be expanded.

③ Consumer group-centered expansion of distribution systemization

□ As a result of systemization and scale-up project on the place of production, the size of cooperative grading and shipping organization (共選出荷會)(a group of producers performing cooperative grading and calculation) and corporation for joint venture partnership among agricultural cooperatives or agricultural corporations (組合共同事業法人) (broadening of economic project from small communities to city or district) is increasing.

* Number of cooperative grading and shipping organization / amount of trade: (2012) 1,664/ KRW 1 trillion 100.2 billion → (2013) 1,804 / KRW 1 trillion 423.4 billion → (2014) 1,908 / KRW 1 trillion 505.7 billion

* Number of horticultural corporation for joint venture partnership (園藝組共法人)/ average sales figure: (2012) 26/ KRW 27.1 billion → (2013) 35/ KRW 27.7 billion → (2014) 41/ KRW 28.4 billion

○ The basis for NACF's wholesale distribution, Ansung Distribution Center (June 2013) is becoming a basis for producer-based distribution systemization.

* Compared to distribution method of wholesale markets, the utilization of Ansung Distribution Center decreased by KRW 150 billion worth of distribution cost. However, this returned as NACF gave KRW 89 billion worth of benefits farm households and KRW 61 billion worth of consumers, respectively (2015, KREI).

□ However, the formation community and chief producing district-centered production and distribution structure are insufficient. This remains as an obstacle to systemization of producer-centered distribution.

[Special promotion of chief producing district consultation group and upland field cropping joint management body for the inducement of appropriate production]

□ In order to continue systemization of distribution, relevant projects will be reorganized by concentrating on the wide marketing of city and district and supporting systemized producers.

○ Further, an organized supply policy will be promoted per community by establishing the comprehensive plan on production and distribution of horticultural agricultural products ('**horticultural industry comprehensive plan**') (October).

□ For major horticultural products, economy of scale will be achieved. Further, community-centered management will be expanded in order to strengthen quality and price competitiveness.

○ By systemizing and scaling chief production complex, upland field cropping joint management

body will be raised to autonomously pursue quality improvement and added value.

* (Example) In case of Byunsan NACF(‘**Byunsan Federation**’), Byunsan Federation made a uniform method of seed and cultivation by 92% participation of 170 onion farming households. This made possible self-control on supply and demand and joint facilities (40% of labor power and work cost saved).

- Plans for prioritized support on place of production distribution comprehensive fund and support on related infrastructure such as upland maintenance, facility, equipment will be formulated.

○ Based on the promotion plan for the place of production (rural agricultural development plan), the formation of the consultative body of major place of production, which supervises the systemization of production and distribution, will be supported to induce a planned production concentrated in the major place of production.

④ Enhancing the efficiency of wholesale market

□ Due to the amendment on the Act on Distribution and Price Stabilization of Agricultural and Fishery Products and relaxation of regulations (wholesale market corporations are allowed to purchase collection and transaction between commission merchant and wholesale merchant is also allowed), fixed price contracts and private contracts in wholesale markets are being activated.

* The percentage of fixed price contracts and private contracts: (2012) 8.9% → (2013) 9.9 → (2014) 14.1 (59% increase within two years)

○ As the percentage of fixed price contracts and private contracts increased, phenomenon such as rapid decrease of the wholesale market price under auction-centered transactions is being alleviated.

* Price fluctuation coefficient of seven wholesale market corporations dropped by 4.1%p after the implementation of the plans (2015, KREI).

□ However, factors such as preference to the original method of auction transaction, unsatisfactory scaling and systemization of the place of production and consumption act as impediments to the expansion of fixed price contracts and private contracts.

○ Factors adding to inefficiency such as the inadequacy of the rural wholesale market to act as ‘wholesalers’, difficulties in decreasing the distribution cost due to deterioration of facilities still exist.

[The percentage of fixed price contracts and private contracts in wholesale markets will be increased to 17% by 2015]

□ In order to activate fixed price contracts and private contracts in the wholesale market, MAFRA

will improve policy mechanisms such as expansion of percentage of fixed price contracts and private contracts when evaluating wholesale markets and reorganization of auctioneer's qualification.

○ Further, incentives such as support on low interest loans (2015: KRW 47 billion), supporting new low temperature storage (two places, Chuncheon and Andong) will be provided, along with the supply of appointed transaction and shipment information system.

□ In order to achieve effective distribution and activation of wholesale market, plans for promoting modernization of wholesale market and reassigning its role will be carried out.

○ To normalize wholesale market's function, evaluation system of wholesale market such as related standards and procedures have to be enhanced and monitoring of unsatisfactory wholesale markets by entrusted management should be strengthened.

* Since the implementation of entrusted management in 2008, wholesale market in Chuncheon improved its performance by increasing in the amount of transaction and enhancing the profit structure.

○ From this year, minimum shipment unit will be applied in base markets (Seoul, Garak, Gangseo, etc) to expand the decrease of distribution cost.

⑤ Expansion of the provision of information on observation

□ Agricultural observation information such as intention on cultivation and estimation on crop is providing significant help to individual farmer's reasonable decision making since the level of collectivization on the place of production is yet unsatisfactory.

* The accuracy of price estimation of outdoor vegetables (2006~2013): 88.8% (The highest accuracy for dried pepper recorded 98.1% in 2012).

□ However, the lack of information on production and consumption estimation and the problem of proper timing are affecting the decline of availability of observed information.

[Building the system of the estimating the demand of agricultural products and calculating the appropriate cultivation area]

□ The agricultural observation information will be developed in order to achieve the production in the range of stabilized supply.

○ The prediction of estimated demand will be expanded by analyzing the consumption according to date and item. The calculation of appropriate range of cultivation area is planned by analyzing the change and price of consumption and supply.

□ Additionally, cropping map and cultivation area will be estimated by utilizing high technology

such as satellite and aerial images

* Development of cultivation area estimation: (2015) Chinese cabbage, radish → (2016) onion → (2017) garlic

○ Remote technology on determination of the number of growth per item will be developed by using vegetation coefficient of satellite and aerial images.

* Calculating the usage by analyzing the spread of vegetation, vitality and other related markers and spectrometric reflection of vegetable.

㉔ Expansion of nationwide advertisement and communication

□ MAFRA will actively advertise the achievements of the Comprehensive Plan which serves as a barometer of reliance on the agricultural policy.

○ MAFRA will promote related measures on ‘a sustainable distribution eco-system in which producer sells at the right price and consumer buys at cheaper price’.

□ Further, efforts will be made on the provision of information for producers and consumers to continue to understand the situation of the market and act reasonably despite the occasional price fluctuations.

○ Considering the fact that the gravity of agricultural products in prices has decreased (1985: 182.3/1,000 → 2012: 44.1/1,000) and base effect, the Comprehensive Plan will be monitored to prevent unnecessary misconceptions about agricultural prices which may affect the recognition on the Plan’s achievement.

Appendix 1 Amount of transaction cost, percentage and saved cost on distribution by the new distribution method

(Unit: KRW 100 million)

Types	2013	2014	Rate of Increase
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				(%)
Sales to Consumers	Direct purchase store	694	1,704	145.5
	Direct transaction between small-sized farmers and consumers (Guromi)	193	319	65.3
	Direct transaction market	1,619	1,872	15.6
	Other direct transaction (Firsthand experience farm, etc)	288	295	2.4
	E-commerce	9,546	9,699	1.6
	Eco-friendly stores	1,031	1,237	20.0
	Consumer cooperative	2,991	3,066	2.5
	Total	16,362	18,192	11.2
B2B-Style	aT Cyber Market	12,347	17,151	38.9
	Direct wholesale by NACF	10,047	10,074	0.3
	Cooperative-style livestock packer sales	12,034	18,308	52.1
	Total	34,428	45,533	32.3
Total (A)		50,790	63,725	25.5
Amount of Decreased Distribution Cost		4,291	6,240.7	45.4

* In case of consumer cooperative, 36.3 % of percentage of sales applied in agricultural and livestock products, eco-friendly stores 44%, E-commerce 84.3%, respectively. Fishery, processed products are excluded in aT Cyber Market.

* In case of decreased distribution cost for direct purchase store, direct transaction between small-sized farmers and consumers, E-commerce, consumer cooperative, eco-friendly stores and collectivization of producer organization (livestock), aT Cyber Market's criteria for determining decreased cost in B2C field is applied. NACF's record is applied in collectivization of producer organization (agricultural products).

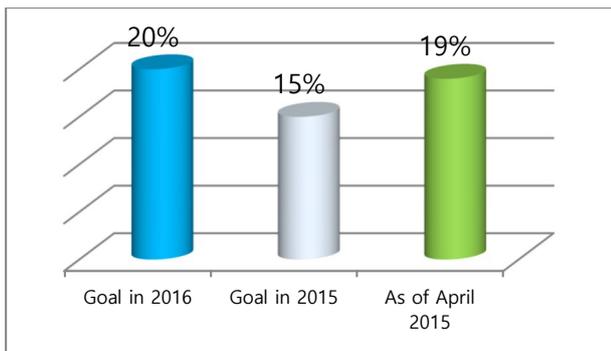
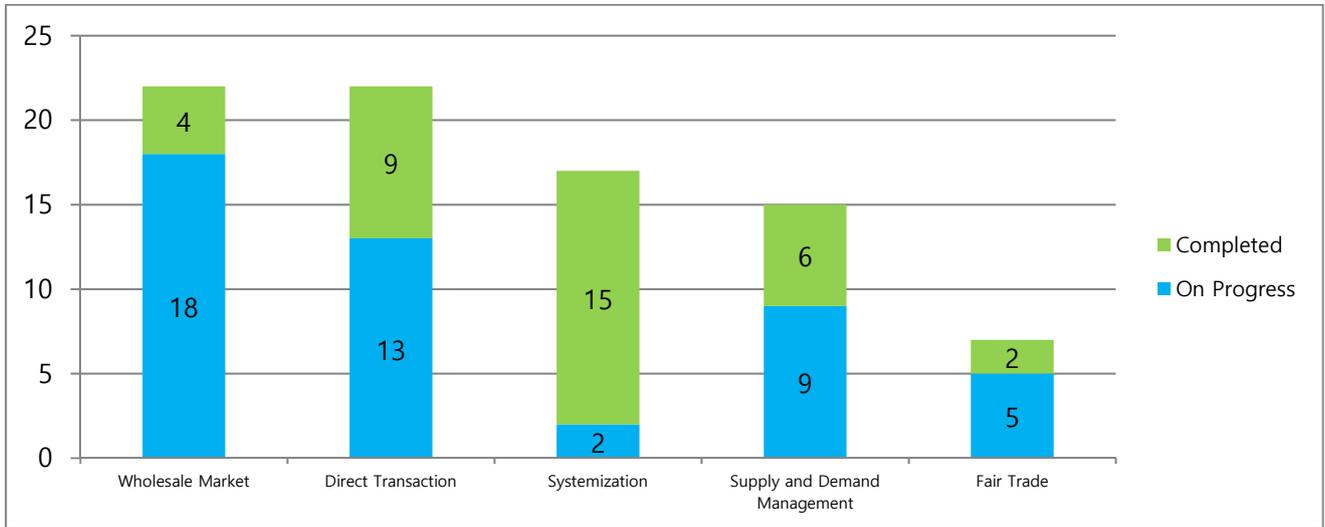
Appendix 2	Current Status of Projects related to the Comprehensive Plan
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Classification	Area	Comprehensive Plan	Supplementary	Supplementary
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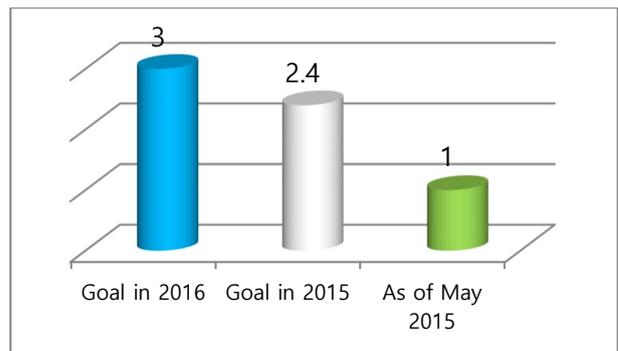
		(2013, 62 items)	Plan (2014, 21 items)	Plan (2015, 13 items)
Decrease of distribution cost	Expansion of direct transaction	<ul style="list-style-type: none"> · Raising local food direct transaction stores · Supporting and advertising direct transaction market, direct transaction festival, joint evaluation by local governments · Enactment of the Direct Transaction Act · Supporting the direct transaction between place of production and medium, small-sized merchants (Pos-Mall) and expanding subjects for lunch meals (cyber market) 	<ul style="list-style-type: none"> · Establishment of direct transaction platform · Direct transaction for specialized local products 	<ul style="list-style-type: none"> · Expansion and improvement on online direct transaction model such as home shopping · Establishment of information system between the place of production and the place of consumption · Support on matching online-offline direct transaction
	Collectivization of producer organization	<ul style="list-style-type: none"> · Raising cooperative grading and shipping organization, Raising cooperative-style packer, expanding consumed place and sales network · Raising joint marketing corporations, raising leading livestock farm household, establishing wholesale distribution center, expanding supply of food materials to large retailers and small and medium-sized stores, establishing chain network of distribution to markets, increasing the percentage of economic business among urban NACF, etc. 		<ul style="list-style-type: none"> · Establishment of guidelines for making general plans for supply and distribution of local horticultural agricultural products · Formulation of the chief place of production agreement body · Maintenance of upland foundation · Raising upland agriculture joint management body
	Effective wholesale market	<ul style="list-style-type: none"> · Introduction of minimum amount of shipping and improvement of cargo system · Establishment of medium and long-term plans 	<ul style="list-style-type: none"> · Improvement of wholesale market management 	
Relaxing price fluctuation	Systemization of supply and	<ul style="list-style-type: none"> · Supply and demand management manual, 	<ul style="list-style-type: none"> · Enhancing the executive ability of 	<ul style="list-style-type: none"> · Reorganization of contract

	demand management	enhancement of observation, expansion of provision of observation information, expansion of contracted cultivation · Expansion of reservation business, modernization and localization of reservation headquarters, installation of shipping management facilities in the place of production · Operation of supply and demand management committee, encouraging the incorporation of the farmers at place of production	observation · Collectivization of the place of production to establish self-governed body of supply and demand · Improving the roles of local government on specialized products · Preparing a situation for expanding distribution control order · Activation of processing and expansion of exports	cultivation · Implementation of shipping stability business · Improvement on price stability range · Sophistication of observation model · Sharing of information, enhancement of evaluation
	Expansion of private fixed price contract	· Improvement on wholesale market evaluation, professional education · Preparation of a standardized guidelines, establishment of reserved transaction and shipping information system, Support on low-interest policy fund · Allowing purchase and shipping by wholesale market corporation and expansion of combining of the management	· Requiring low-temperature storage · Improvement on commission structure, raising professionals · Enhancement of evaluation system, revision of local government working manuals · Execution of NACF public auction center's guiding role · Management on major products	· Reform of auctioneer examination

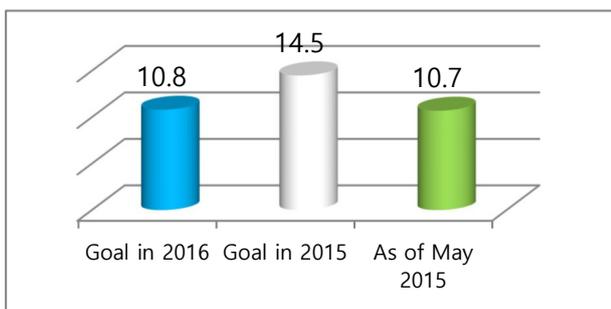
Overview



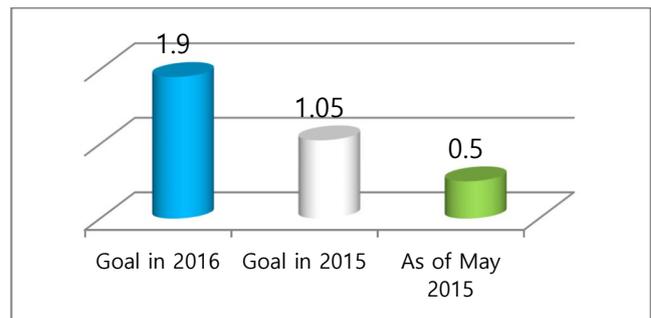
: Percentage of fixed price contract and private contract



: Amount of sales of cyber transaction (unit: KRW trillion)



: Amount of Sales of Direct Transaction (unit: KRW trillion)



: Range of Price Change on Five Major Vegetable Compared to Last Month

Promotion status per area

Wholesale market	(Completed) <ul style="list-style-type: none"> - Formation of Maintenance Committee (May 31, 2013), Preparation of Guideline for Facility Modernization (June 28), Guideline for Fixed Price Contract and Private Contract (August 27), Establishment of Organization for Payment in <i>Garak</i> Market(September 13) - Expansion of wholesale market purchase, collection of cargo and permission of combined management, Amendment of the Act on Distribution and Price Stabilization of Agricultural and Fishery Products concerning the permission of transaction between brokers and wholesalers (March 24, 2014) - Establishment of middle and long-term plan for modernization of facilities (July 30), Amendment on enforcement decrees to activate fixed price contract and private contract (October 15) - Establishment of the information system on appointed transaction for fixed price contract and private contract and shipping (The system opened on December 22)
	(On Progress) <ul style="list-style-type: none"> - Promotion on demonstration project on minimal shipping unit for wholesale market (December 29, 2014~) - Establishment of logistics corporation for <i>Garak</i> Market
Direct transaction	(Completed) <ul style="list-style-type: none"> - Activation of direct transaction business by the establishment of Direct Transaction Support Center (April 26, 2013), Establishment of integrated direct transaction system (November) - Establishment of direct transaction platform called 'Rural Neighborhood(<i>Yi-woot-nong-chon</i>)' (August 29, 2014), Establishment of POS-Mall (September 24), Opening of Rural Neighborhood (October 9) - Establishment of DB by site examination of direct transaction (November 31) - 『Direct Transaction Promotion Act』 passed at the National Assembly (May 29, 2015)
	(On Progress) <ul style="list-style-type: none"> - Expansion of local food direct transaction market: (2012) three → (2013) 32 → (2014) 71 → (April, 2015) 72
Collectivization of producer group	(Completed) <ul style="list-style-type: none"> - Completion of NACF Ansong Agricultural Product Wholesale Logistics Center (June 13, 2014), Opening of the business (July 29), Opening ceremony (September 27) - Completion of transfer of NACF Wholesale Agency to the economic holding company (February 28, 2015)
	(On Progress) <ul style="list-style-type: none"> - Expansion of direct wholesale business by NACF through searching new demands such as large retailers and small, medium-sized stores * Sales on direct wholesale: (2012) KRW 959.6 billion → (2014) KRW 1 trillion and 7.4 billion → (April, 2015) KRW 369.8 billion
Supply and demand management	(Completed) <ul style="list-style-type: none"> - Establishment of the Supply and Demand Control Committee (April, 2013), Preparation of cabbage·onion supply and demand control manual (May, 2013) - Preparation of sophisticating agricultural observation to improve the accuracy of decision-making during crisis (June 22) - Establishment of cooperative federation on the processing of agricultural products (February, 2013), Preparation of manual for supply and demand management on radish, pepper and garlic (September, 2013) - Opening of the Supply and Demand Control Committee, determination on

	<p>crisis and following measures (eight times in 2013, 13 times in 2014)</p> <ul style="list-style-type: none"> - Expansion of the amount of cabbage, pepper reserves and new reserves for radish and onion * (Expansion: 2013→2014) Cabbage 11,800 tons → 13,000 tons, Pepper 6,100 tons → 7,100 tons / (New reserves in 2014) Radish 4,300 tons, Onion 14,00 tons - Development of yield prediction model for radish and cabbage (April, 2014), Development of yield prediction model for garlic and onion (December, 2014) <p>(On Progress)</p> <ul style="list-style-type: none"> - Promotion on amendment of guidelines for contract cultivation business and ordinance concerning supply control order
<p>Fair trade and provision of information</p>	<p>(Completed)</p> <ul style="list-style-type: none"> - Establishment of Agricultural Product Fair Trade Secretariat (April 12, 2013), Discussion on types of unfair practices (ten types) (July 18) - Development of Kimchi index which evaluates Kimchi material purchase fee (August) - Revision of method of price indication (September 30, Ministry of Trade, Industry and Energy), Guideline for sales subsidy examination (October 2, Fair Trade Commission) - Weekly provision of information on price index for economical purchase (Internet, mobile, television) - Request for service on the expansion of subjects to documented transaction of garden purchase (圃田賣買) <p>(On Progress)</p> <ul style="list-style-type: none"> - Ongoing enhancement of observation on unfair trade act

Appendix 4 Weighted Value of Consumer Price Index

		'12	'10	'05	'00	'95	'90	'85
Total Index		1,000	1,000	1,000	1,000	1,000	1,000	1,000
Agricultural products	(Agricultural Products)	44.1	43.5	54.5	66.0	87.5	120.3	182.3
	Rice	6.4	6.2	14	24.3	27.6	45.3	79.1
	Beans	0.7	0.5	0.9	0.6	0.7	0.6	1.8
	Potato	0.7	0.7	1.0	1.1	1.7	1.8	1.0
	Radish	0.8	1.1	0.8	1.5	1.8	3.4	3.6
	Chinese cabbage	1.7	1.7	1.9	2.4	3.7	5.7	8.7
	Garlic	1.4	1.3	1.4	1.2	2.4	3.1	5.5
	Onion	0.8	0.9	0.8	0.8	0.9	1.4	1.4
	Red pepper spice	2.5	1.8	2.8	2.6	2.0	0.7	1.8
	Apple	3	3.1	3.1	2.9	4.7	0.3	2.0
	Pear	1.0	1.0	1.8	1.9	1.5	1.3	1.3
	Watermelon	1.6	1.6	1.9	2.5	4.3	3.3	2.7
Livestock products	(Livestock Products)	22.2	22.1	20.5	23.8	33.0	41.9	53.3
	Beef (Korean)	7.0	7.8	6.8	7.6	9.9	11.9	23.0
	Beef (Imported)	2.5	1.6	2.0	2.3	5.6	6.4	
	Pork	8.4	8.3	7.5	7.2	8.3	13.3	16.3
	Chicken	1.7	1.9	1.4	1.6	2.3	3.9	5.4
Processed food	(Processed Food)	71.8	69.0	61.8	67.2	72.4	83.3	93.2
	Wheat flour	0.1	0.2	0.1	0.2	0.2	0.3	0.8
	Instant noodle	2.5	2.4	2.5	2.5	1.9	3.1	4.2
	Milk	5.7	5.8	5.6	4.4	5.1	5.3	5.4
	Coffee	2.3	2.0	1.0	1.0	1.4	1.5	1.5
	Kimchi	0.7	0.9	2.4	2.2	1.4	0.9	2.2
	Korean distilled spirits (<i>soju</i>)	1.1	1.1	1.1	3.3	2.8	3.0	3.7
	Beer	2.0	1.8	1.5	5.6	6.5	5.4	5.0
Durable goods	(Durable Goods)	51.6	52.3	61.0	69.3	82.8	92.8	35.2
	Air conditioner	1.2	1.2	2.7	14	0.5	0.5	
	Large-sized cars	5.2	5.1	1.9	5.2	4.7		
	Smartphone	2.5	0.2					
	Television	2.9	2.9	2.1	1.5	4.4	3.9	3.3
Petroleum products	(Petroleum products)	56.7	53.5	53.6	57.9	37.3	19.1	13.8
	Gasoline	31.2	28.7	31.2	41.4	22.7	8.4	
	Diesel	14.5	13.5	10.9	1.5	1.9	1.8	1.4
	LPG(for cars)	6.5	6.6	4.9	0.7			
Other industrial products	(Other Industrial Products)	53.7	52.0	47.0	49.1	54.7	78.8	94.2

	Tobacco (domestic)	4.8	5.0	7.4	8.7	6.6	8.9	8.9
	Sports shoes	3.9	3.3	2.4	1.7	2.5	2.2	3.3
Electric, water, gas supply	(Electric, Water, Gas Supply)	49.0	48.3	42.7	42.2	24.5	19.9	26.9
	Electric rates	20.5	20.8	19	18	14.2	13.6	20.3
	Gas rates	20.6	19.6	16.1	18.6	6.2	1.4	1.6
Rental fees	(Rental Fees)	92.8	91.8	97.5	121.4	127.5	118.7	114.8
	Lease on deposit basis (傳費)	60	61.3	66.4	93.5	92.5	78.1	82.8
	Monthly rent	30.8	30.5	31.1	37.9	35	40.6	32
Public service	(Public Service)	142.6	143.7	132.8	116.8	99.9	106.2	151.8
	Smartphone fee	33.9	16.4	5.1	1.6			
	Internet fee	7.5	8.5	6.3	4.0	0.1	8.5	14.4
	City bus fee	11.6	10.9	11.4	9.3	8.5		
Dining out	(Dining Out)	119.0	118.2	130.6	101.0	92.5	58.7	21.9
	Grilled pork (dining out)	6.6	6.6	6.1	2.4			
	Noodle with black soybean sauce	3.0	3.0	3.1	2.4	3.9	3.2	1.6
	Fried chicken	4.0	3.7	3.9	3.5	3.0	3.0	
	Pizza	4.3	3.6	3.5	2.8	1.3		

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