KREI & Its Involvement in Establishing National Agricultural Policy

24th June, 2014
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The History & Current Status of KREI
The History & Current Status of KREI

**Purpose of Establishment**

1. **Pay/(poor compensation for public servants)** → difficult to recruit high quality human resources: therefore established as a foundation

2. **Increase Research Autonomy** → reinforce function of Policy evaluation, develop mid-long term agricultural policy

(1973) National Agricultural Economic Research Institute, Ministry of Agriculture and Fisheries

(1978) (foundation) Korea Rural Economic Institute
<table>
<thead>
<tr>
<th>1978 (At the time of Establishment)</th>
<th>2013 (Currently)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>87 employees</strong></td>
<td><strong>255 employees</strong></td>
</tr>
<tr>
<td>(Perennial 131 + Unlimited 10 + Temp. 114)</td>
<td>(Perennial 131 + Unlimited 10 + Temp. 114)</td>
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<tr>
<td><strong>USD 0.49 mil.</strong> (2013 Constant Market Price USD 2.06 mil.)</td>
<td><strong>USD 32 mil.</strong></td>
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<tr>
<td><strong>Ministry of Agriculture and Forestry</strong></td>
<td><strong>Prime Minister’s Office (since 1999)</strong></td>
</tr>
<tr>
<td></td>
<td>→ independent from relevant authorities, enhanced status (President = Vice Minister level)</td>
</tr>
</tbody>
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Purpose of Establishment & MISSION

Purpose
To conduct a comprehensive research on agro-food economy & development of rural society

**Contribution to the development of national economy & welfare**

MISSION

<table>
<thead>
<tr>
<th>Research w/ Korean or Foreign Research Institutes</th>
<th>Agricultural Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-long term planning of agro-food economy &amp; policy measures</td>
<td>Provide information of planted area, harvested area, growing process, prices, trade volume, inventory, # of heads of livestock, etc. to stabilize price, supply &amp; demand</td>
</tr>
<tr>
<td>Welfare enhancement &amp; social problems in rural areas</td>
<td></td>
</tr>
<tr>
<td>Survey of public opinion &amp; publicity activities to increase public awareness of govt. policies</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Commissioned Researches &amp; Trainings</th>
<th>Int’l Cooperation (ODA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Researches commissioned by public or private organizations &amp; foreign organizations. Trainings for producers, public servants</td>
<td>Trainings for gov’t officials of developing country Mid- to long term planning of agricultural development</td>
</tr>
</tbody>
</table>
The History & Current Status of KREI

Organization

Research
- 6 depts. & 1 office
- 3 centers

Administrative
- Office of Planning & Coordination
- Office of Administrative Affairs
- Publishing & Data processing Office

President
- Advisory Committee
- Vice-President
- Inspector

- Dep. of Rural Policy Research
- FTA Implementation Farmer Support Center
- Agricultural Outlook Center
- Office of Planning & Coordination
- Publishing & Data processing Office
- Office of Administrative Affairs
- KREI Relocation Project Office

- Dept. of Natural Res. and Env. Research
- Center for Int’l Agricultural Partnership
- Office of Planning & Coordination

- Dept. of Agricultural Development Research
- Agricultural Trend and Policy Analysis Office

- Dept. of Food & Marketing Research
- KREI Beijing Office

- Dept. of Global Cooperation Research

- Dept. of Forest Policy Research
KREI’s Main Tasks and Contributions to Policy
KREI’s Main Tasks and Contributions to Policy

- Internal research projects
- Entrusted projects
- Policy discussion & academic exchange at home and abroad
- Government-commissioned research projects
- Government-commissioned tasks
- Various committee activities related to agricultural policy
KREI’s Main Tasks and Contributions to Policy

Project Selection Procedure & Management of Research Quality

Selection Stage
- Apply (researcher)
- Internal Review (Planning & Coordination Committee)
- Evaluation Committee Review (NRCS)
- Completion of Selection

Progression Stage
- Organizing Research Team
- Internal & External Consultation
- Various Seminars
- Completion of Research

Evaluation Stage
- Organizing Evaluation Committee
- Evaluation of Research Quality
- Evaluation of Research Utilization
- Completion of Final Evaluation

Selection Stage
- Problem recognition & Attainment of research goal
- Suitability of analysis methods
- Logicality of analysis methods
KREI’s Main Tasks and Contributions to Policy

**Internal Research Projects**

**Regular /Ad hoc Projects**

- **Budget**
  - Government contribution
  - National Research Council for Economics under Prime Minister’s Office

- **Duration**
  - Regular(1 year), Ad hoc(3~6 months)
  - * Publishes annual reports for regular research projects that last 2~3 years

- **Achievement**
  - avg. 48 research reports per year(doubled compared to 1978)
  - * 51 reports in 2013

  - ex) Building Sustainable Agricultural System, Agricultural Financing & Investment, Korea-China FTA, Price Stabilization, Climate Change
### Government-commissioned Research Projects

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Current Issue Projects by MAFRA, Evaluation of Newly Introduced or Current System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Government</td>
</tr>
<tr>
<td>Duration</td>
<td>Less than a year</td>
</tr>
</tbody>
</table>
| Achievement | around 30 reports per year  
(recently policy research: more than 30% in total research projects)  
* 37 reports in 2013 |

- Improvement of Direct Payment to Farmers, Promotion of Agri-foods Export, Impact Analysis of RCEP in Agricultural sector, Impact Analysis of Expanded Concession of existing FTA
**KREI’s Main Tasks and Contributions to Policy**

**Entrusted Research Projects**

**Background**
1998 Economic Crisis → Government Budget Cuts → KREI Budget Cuts → more than 30% of KREI’s total budget is self-provided through commissioned researches since 1998

**Achievement**
12 in 1998 (14% in total research projects) → 77 in 2013 (40% in total research projects)

The role of our institute is at the heart of the central government’s policy research.
expanding toward that of local governments & public organizations
KREI’s Main Tasks and Contributions to Policy

Examples of Policy Contributions

Name of the Research Project: In-depth Evaluation of Improved Distribution System of Agricultural Products

Suggestion of Policy Alternative

- Government’s financial support
  - Increase of contract cultivation
  - Increase support for wholesale market
- System change
  - Integration of local distribution facilities
  - Increase of producer-led price wholesale
  - Enlarging scale of wholesaler

Participation in policy making

- Participated in agro-fisheries trade forum & task force
- Participated in evaluation TF of distribution improvement
- Regularly reviewed problematic issues in distribution structure
- Suggested Ministry of Finance & planning how to better distribute agricultural products

Achievement

- KREI suggested policy alternative was adopted
- Cross-ministerial cooperation systems was induced
- Provided research & evaluation needed to for “Act on Distribution ad Price Stabilization of Agricultural Products”
## Government-commissioned Tasks

<table>
<thead>
<tr>
<th><strong>Background</strong></th>
<th>Carries out research projects under the relevant laws</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget</strong></td>
<td>Government</td>
</tr>
<tr>
<td><strong>Duration</strong></td>
<td>Stated by the relevant laws (ex.: FTA Implementation Center)</td>
</tr>
<tr>
<td><strong>Area of Research</strong></td>
<td></td>
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<tr>
<td>1. Agriculture outlook projects</td>
<td></td>
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<tr>
<td>2. Committees on improving the quality of rural residents’ life, Organizations specialized in providing support</td>
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<tr>
<td>3. FTA Implementation Farmer Support Center</td>
<td></td>
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<tr>
<td>4. International agricultural cooperation (ODA) projects</td>
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Agricultural Outlook Projects

Overview of the Project

- Run by KREI’s Agricultural Outlook Center
- Provide information of planted/harvested area, growing process of crops, price, import/export volume, livestock’s number of heads, inventory, slaughter, etc.
- Items coverage: 35 commodities including vegetables, fruits & livestock products
- Int’l market information for wheat, corn, soybeans & rice
- Budget: USD 1.5 mil.(1999) → 7.9mil.(2013)

Policy Contribution

- Established early warning system for instable supply & demand of agricultural products
- Suggests govt. policies on how to better meet supply & demand
- Plays a key role in govt. wide supply & demand adjustment committee
- Contributes to minimizing price volatility of agricultural products
Agricultural Outlook Conference

- Frequency: once a year (16 conferences during 1998~2014)
- Theme: the future of agriculture, current issues in agricultural policy
- Similar to USDA’s & ABARES’ outlook conferences
- The biggest event in Korean agricultural industry participated by academia, public & private sectors
- Approx. 1,500 participants per year

(forum for exchange of information & scholarly works)
KREI’s Main Tasks and Contributions to Policy

FTA Implementation Farmer Support Center

**Background**

- Korea has signed 11 FTAs for the last 10 years.
- Rise of need to strengthen competitiveness of & compensate damages in agricultural industry
- Designated KREI as 「Farmers Support Center」by the govt.

**Policy Contribution**

- Analyzed damages from import under the FTAs
- Analyzed impact on domestic agricultural industry from import of agricultural products
- Provided data analysis for damage compensation decision
- Inspected implementation of countermeasures against the FTAs, improvement of system, implementation of financing & investment plans
International Agricultural Cooperation (ODA)

Background

- Need to share Korea’s experience in development of economy & agriculture w/ global society
- Establishment of agricultural development strategy in LDCs such as Laos, Cambodia & etc.
- Deliberation of applying Saemaul Movement to developing countries

Policy Contribution

- Promoted [MOFA-UNDP Expert Meetings], [Forum on Globalization of Saemaul Movement]
- Delivered training programs for individuals from LDCs (113 individuals from 4 countries)
- Introduced Korea’s agricultural policies; contributed to the establishment of agricultural development strategy in LDCs
KREI’s Main Tasks and Contributions to Policy

Surveys on Public Opinion

Types of Research Analysis & Achievements

- **On-site Reporters**
  - 3,000 reporters conducting agricultural monitoring approx. 5 times a year
  - On-site surveys on agricultural policies & farmer awareness

- **KREI Reporters**
  - Appointed 190 regional opinion leaders as KREI reporters
  - On-site surveys on consumption analysis of rural residents, labor shortages in rural areas & etc.

- **Opinion Surveys**
  - Retains outside entities specialized in surveys (approx. 8 entities, 30 times a year & 3,000 respondents per survey)
  - Conducts extensive surveys that include consumers, farmers, retailers & etc.

- Window for public opinion of the agricultural industry
- Basis for developing research subjects
- Linkage among various KREI opinion platforms, media & symposiums
Policy Forums

Purpose
- Responds to agricultural issues
- Contributes to reduction of social tension
- Conducts research projects on pending issues in agricultural policy
- Provides researchers’ points of view & objective alternative

Key Policy Forums
- Forum on the Issues & Directions of the Govt’s Agricultural Policy
- Forum on the Agricultural Preparedness to FTAs
- Forum on the Development of Rice Industry
- KREI Forum on the Future of Agriculture
- Forums on Job Creation in Rural Areas
- Approx. 20 policy forums per year

Example of Policy Contribution

[Forum on the Agricultural Preparedness]
- Promotes Korea-China FTA negotiation & provides complementary measures
- Reinforces inspection & improvement of countermeasures to FTA
- Provides objective data on the impact of agricultural imports
- Steered MAFRA’s submission of the ‘2014 FTA Financing & Investment Plan’ to the National Assembly

[Forum on the Future of Agriculture]
- Window for gathering opinions from agricultural & non-agricultural industries
- Discovery of future agenda for the agriculture
- Suggestion of Agricultural Policy for Agricultural, Rural & Food Industries
- Linkage btw Policy Issues w/ KREI’s Research Projects
KREI’s Main Tasks and Contributions to Policy

Domestic & International Academic Exchange

Vitalization of Academic Cooperation
Enhancement of Research Efficiency
& Achievement of Research

Holding & Participating
domestic & overseas
academic seminars

<Achievement in 2013>

Domestic(1,023)
- seminars, symposiums: 13
- discussions: 55
- conferences: 693
- consultations: 262

Overseas(60)
- Int’l seminars: 26
  (hosted: 10, attended: 16)
- Int’l workshops: 6
- KREI seminars: 17
- Foreign visitors: 11
KREI’s Main Tasks and Contributions to Policy

Academic Cooperation Networks

[48 MOUs]

Domestic Research Institutes (23)
- Korea Development Institute
- Rural Development Administration, Korea Agro-Fisheries & Food Trade Corporation
- Statistics Korea & etc.

Domestic Universities (7)
- Seoul National Univ
- Korea Univ & etc.

Local Governments (3)
- Jeollanam-do
- Gyeongsangbuk-do
- Chungcheongbuk-do

Others (4)
- National Assembly Library
- Naver & etc.

Foreign Universities (4)
- [US] Univ of North Dakota
- [US] Univ of Missouri–Columbia
- [China] Yanbian Univ
- [Japan] Tokyo Univ of Agriculture & Technology

Foreign Research Institutes (7)
- Italian National Institute of Agricultural Economics
- The Policy Research Institute of the Ministry of Agriculture, Forestry and Fisheries, Japan
- Australian Bureau of Agricultural & Resource Economics, Science
- Chinese Academy of Social Sciences
Various Committees on Agricultural Administration

Committee on Development of Rural Community
(1994~2001)
- Presidential Advisory Body
- Secretariat run by KREI
- Plays a key role in creation of agricultural policy framework

Special Committee on Agriculture & Fisheries
(2002~)
- Presidential Advisory Body
- Secretariat run by KREI
- KREI researchers act as members
- Establishes agricultural countermeasures against WTO new round

Committee on Regional Development
(2003~)
- Presidential Advisory Body
- KREI researchers act as members
- Provides relocation measures for administrative agencies
- Establishes measures to revitalize rural areas

Consultation of Export Promotion
(2014~)
- KREI researchers act as govt members
- Establishes export strategy against China

Economic Ministers’ Meeting
(2001~)
- Increases ministerial awareness on agriculture
- Establishes cooperative system among ministries

Committee on Sympathetic Agricultural Policy
(2013~)
- Draws national consent on agricultural policy
- Improving the value of agriculture & rural community
3 Assessment and Implications
Evaluation (Achievement)

A Think tank for Development of Agricultural Policy

Rural Economy·Management · Regional Development & etc
* Publications : 3,100 for 35 years

Efficient Research Projects Management Innovation

Maintained high rankings in Management Evaluation of Public Organizations

HR training
* Annual training programs

Produced high quality HR for academia & relevant organizations
## Limits and future tasks

<table>
<thead>
<tr>
<th>Budget structure change after foreign exchange crisis</th>
<th>Baby boomers’ retirement (21 senior researchers, in 2013~2017)</th>
<th>Relocation to the provinces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in entrusted research projects</td>
<td>Decreased research ability and reduced networks</td>
<td>An increase in economic costs and concerns about personnel outflow</td>
</tr>
<tr>
<td>✓ Reduced proportion of the government-commissioned research institute’s role</td>
<td>✓ Reduced research quality</td>
<td>✓ Low morale</td>
</tr>
<tr>
<td>✓ Increased individualism</td>
<td>✓ Declined social status</td>
<td>✓ Reduced employee welfare (training, culture, medical care, etc.)</td>
</tr>
<tr>
<td>✓ Heavy workload</td>
<td></td>
<td>✓ Difficulty to recruit high quality human resources</td>
</tr>
</tbody>
</table>

- Reduce the number of entrusted research projects and focus on government-commissioned & internal research
- Recruit high quality human resources (increase wage, improve the working environment, put off retirement, etc.)
- Supplement new roles (KREI Academy, the task of fiscal evaluation in the field of agri-food)
- Introduce flexible workplace and the time to attend the office – Smart Work System
- Simplify routine duties (introduce new computing & networking system)