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# Fertilizer Subsidy Policy Measures

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# 1. History of Fertilizer Support in Korea

**Government-Led Fertilizer Supply (~1987)**

- 1961: Nonghyup (agricultural cooperative) designated as the fertilizer business agency
- 1961–1977: Construction of mineral fertilizer factories — 7 government-owned, 4 private
- 1961–1987: Government subsidies for chemical fertilizers; Special Account for Fertilizers (~2012)
- **1982: 1st Fertilizer Industry Rationalization Measure**
  - Excess supply capacity relative to demand for inorganic fertilizers
  - Production reduction through closure of urea and compound fertilizer facilities
- **1987: 2nd Fertilizer Industry Rationalization Measure**
  - Liberalization of fertilizer production and sales
  - Import liberalization and tariff reduction (1988: 20% → 1994: 8%)
  - Free market competition: company-based allocation → open competition
  - Fertilizer price normalization: abolition of dual pricing system
  - Privatization of 4 state-owned fertilizer factories

# 1. History of Fertilizer Support in Korea

**Post-Liberalization Support Programs (1988~)**

- 1989~: 0% VAT applied to fertilizers, pesticides, and agricultural machinery
- 1991–2005: Price loss compensation for inorganic fertilizers
  - Gulf war
- 1997~: Subsidy for organic fertilizer program implemented
- 2008–2009: Price loss compensation due to raw material price surge
- 2010–2012: Customized fertilizer subsidy program
  - Promoting optimal fertilization
- 2016~: Financial support for raw material procurement for inorganic fertilizers
- 2022~: Price loss compensation due to raw material price surge
  - Russia-Ukraine war
- 2027.12~: Support for essential agricultural materials in response to supply chain risks (planned)

# 2. Fertilizer Support Programs

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# 2. Fertilizer Support Programs

**Inorganic Fertilizer**

- **Price Loss Compensation**
  - Implemented when raw material prices surge due to supply chain disruptions (e.g., wars, geopolitical instability)
  - Purpose: to alleviate increased farm management costs
  - Compensates up to 80% of the inorganic fertilizer price increase compared to the previous year

- **Financial Support for Raw Material Procurement**
  - Purpose: to ensure a smooth supply of inorganic fertilizer raw materials
  - Low-interest loan support for inorganic fertilizer manufacturers

- **Tariff Quota for Raw Materials**
  - Urea: quota rate 0% / basic rate 2.0%
  - DAP: quota rate 0% / basic rate 2.0%
  - Potassium chloride: quota rate 0% / basic rate 0.0%

# 2. Fertilizer Support Programs

## Organic Fertilizer

- **Organic Fertilizer Subsidy**
  - 1,500 KRW/20 kg (2010) → 1,000–1,100 KRW/20 kg (2019~)

- **Composted Organic Fertilizer (Grade-based Differential Support)**
  - Higher grades receive larger subsidies
  - Grade 1: 1,200 KRW/20 kg → 900 KRW/20 kg
  - Grade 2: 1,000 KRW/20 kg → 800 KRW/20 kg
  - Grade 3: 500 KRW/20 kg → 800 KRW/20 kg

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# 3. Changes in Fertilizer Use & Soil Organic Matter

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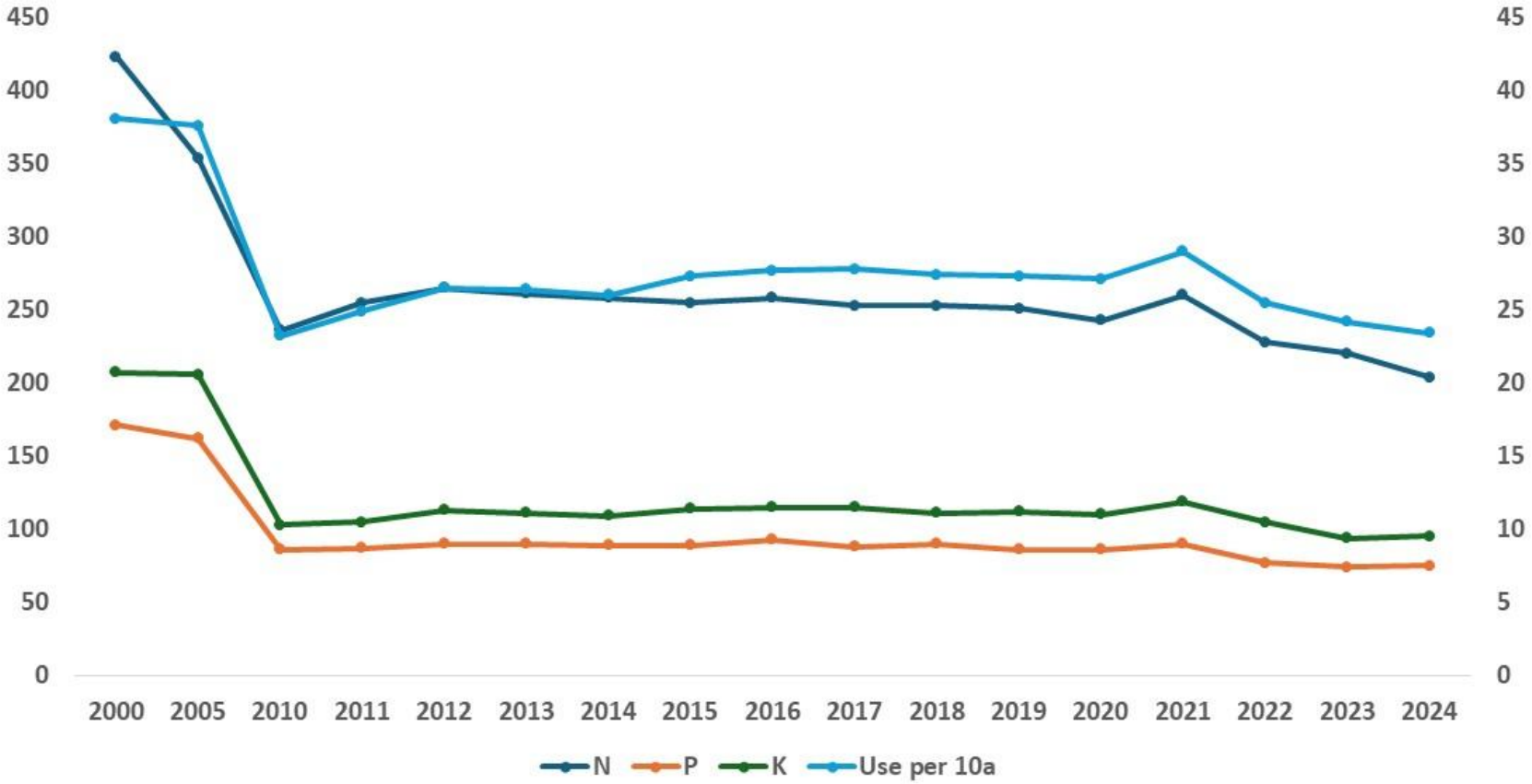
# 3. Changes in Fertilizer Use & Soil Organic Matter

## Changes in Inorganic Fertilizer Use

- Fertilizer use has declined since 2000
- Usage has stabilized at a steady level since 2010

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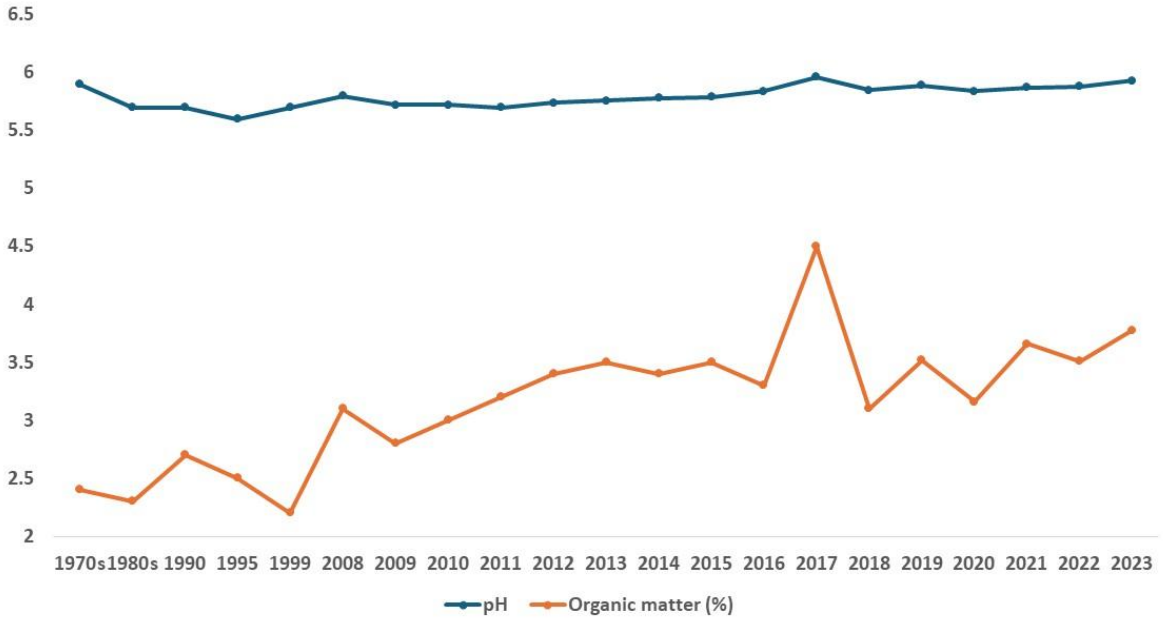
# 3. Changes in Fertilizer Use & Soil Organic Matter

## Changes in Soil Organic Matter

- No significant change in soil pH
- Soil organic matter content shows an increasing trend

<Rice Paddy Soil>

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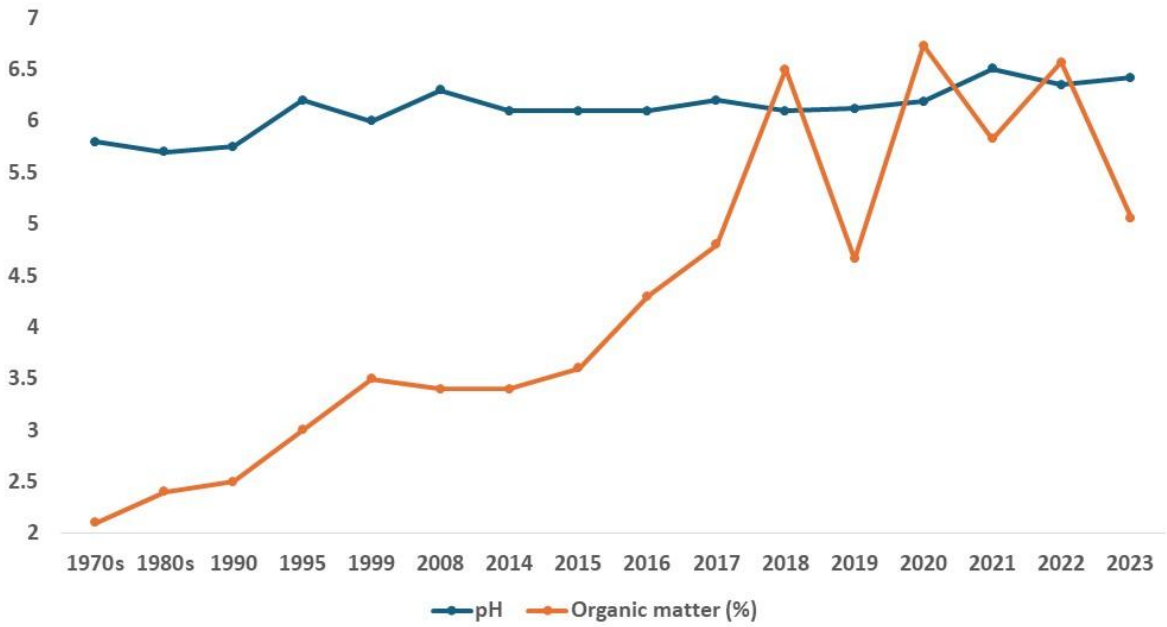




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# 4. Building Supply Chains for Stable Agricultural Production

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# 4. Building Supply Chains for Stable Agricultural Production

## Supply Chain Resilience

- Stockpiling of key raw materials (urea, DAP, etc.)
- Transportation cost support for joint purchasing of raw materials
- Early warning system for international market monitoring

## Fertilizer Quality & Efficiency

- Strengthened fertilizer quality management
- Improved labeling of fertilizer ingredients and content

## Research, Development & Education

- R&D support for CRF, organic fertilizers, etc.
- Education on optimal fertilization practices for farmers
- Professional development for fertilizer sales representatives

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# Thank you for Listening

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