Evaluation of the Impact of FTAs on the Agricultural Sector and Domestic Support Measures

Summary

Ⅰ. Overview

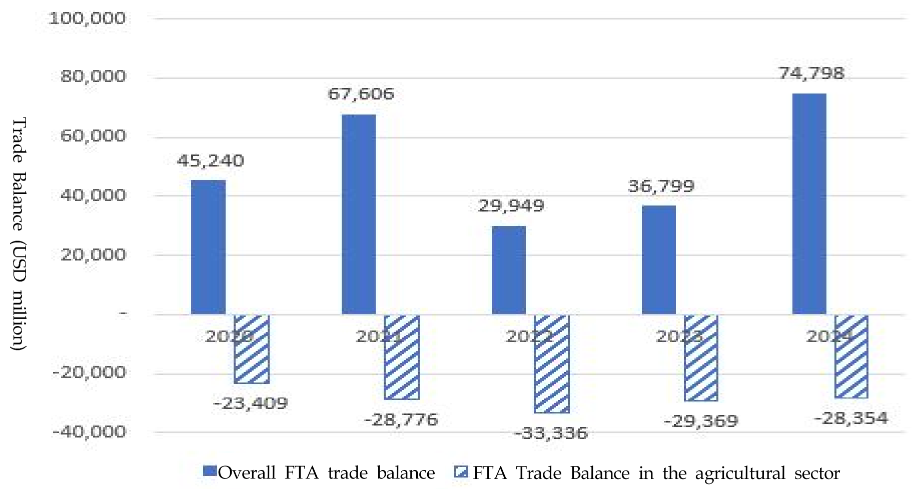
❑ Since signing its first Free Trade Agreement (FTA) with Chile in 2004, Korea has concluded 22 FTAs with 59 countries as of 2025, and achieving an overall FTA trade surplus, while the trade balance in the domestic agricultural sector continues to record a trade deficit.

○ Korea's overall FTA trade surplus: (2020) $45.2 billion → (2024) $74.7 billion

○ Agricultural sector FTA trade deficit: (2020) $45.2 billion → (2024) $74.7 billion

[Comparison of Overall FTA Trade Balance and Agricultural Sector FTA Trade Balance]

(Unit: USD million)



Source: Prepared based on annual FTA utilization guidance and KATI agricultural and food export information.

❑ With the expansion of FTAs, Korea's agricultural sector has also been exposed to import liberalization, with the average market liberalization rate in the agricultural sector reaching 72%.[1)]

○ Market Liberalization Rate of Major Countries/Regions: U.S. (97.9%) 〉 EU (96.3%) 〉 Australia (88.2%) 〉 RCEP[2)] (69.0%)

❑ The government has established and implemented FTA Domestic Support Measures to support farmers and enhance agricultural competitiveness as part of their efforts to address the expanding agricultural market liberalization. From 2008 to 2024,[3)] the total budget allocated for these measures amounts to KRW 43.8484 trillion.

○ It is necessary to assess whether the budget for the FTA Domestic Support Measures is being properly executed and whether project performance is being effectively realized.

○ Given the reduction in the scope and budget of the FTA Domestic Support Measures, it is essential to examine whether performance management is being appropriately conducted.

– The budget for FTA Domestic Support Measures: (2024) KRW 1.4292 trillion → (2025) KRW 505.3 billion → (2026) KRW 122.4 billion

---

1) The market liberalization rate refers to the proportion of agricultural items subject to tariff elimination among all agricultural items.

2) The Regional Comprehensive Economic Partnership ("RCEP") is the world's largest multilateral agreement with 15 countries, which includes not only the movement of goods and workforce between countries but also comprehensive exchange and cooperation. It aims to enhance utilization of regional economic integration by minimizing the negative effects of bilateral FTAs and effectively removing multilateral intra-regional trade barriers.

3) Although the FTA Domestic Support Measures include strategies across diverse sectors such as manufacturing and services, this report specifically analyzes the measures limited to the agricultural sector.

- ❑ Given that 20 years have elapsed since the implementation, there is a need to conduct a comprehensive review and evaluation of the FTA Domestic Support Measures as a whole. However, a consolidated report addressing this is currently not available.
  - ○ Along with an analysis of the current status of import and export of domestic agricultural foods following the implementation of FTAs, it is necessary to conduct a comprehensive review and assessment of the impacts on the agricultural sector before and after FTAs and the effectiveness of the FTA Domestic Support Measures.
  - ○ Additionally, while the government is considering joining mega-FTAs such as the CPTPP, conflicts with domestic farmers and fishers are anticipated. Therefore, it is necessary to comprehensively review diverse conditions, support measures, and other relevant factors.[4)]
- ❑ This report aims to analyze (1) the impacts of FTA conclusion and expansion, such as increased imports of agricultural foods and decrease in agricultural production value, (2) whether the FTA Domestic Support Measures intended to mitigate these impacts are generating meaningful outcomes, and (3) whether the performance management of these FTA Domestic Support Measures are being properly conducted.

---

4) It refers to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (hereinafter, "CPTPP"). The CPTPP is one of the mega-scale trade blocs, characterized by its function as a national strategy for economic security and its comprehensive coverage of a wide array of areas, including goods trade, rules of origin, technical barriers to trade (TBT), services, and intellectual property rights.

[Organization and Main Content of the Evaluation of the Impact of FTAs on the Agricultural Sector and Domestic Support Measures]

<table>
<tr><th colspan="2">Category</th><th>Key analysis findings</th></tr>
<tr><td colspan="2">Ⅰ. Overview</td><td>• Assessment background and objective
• Assessment structure and methodology</td></tr>
<tr><td colspan="2">Ⅱ. Current Status</td><td>• Current Status of Korea's FTA Implementation
• Current Status of the FTA Domestic Support Measures and Investment and Loan Plan</td></tr>
<tr><td rowspan="3">Ⅲ. Key Issue Analy-sis</td><td>Analysis of the Impact of FTA Conclusion and Expansion on the Agricultural Sector</td><td>• Analysis of agricultural food products imports and exports under FTAs
• Analysis of agricultural sector production losses by major FTA partner countries</td></tr>
<tr><td>Analysis of the Performance of the FTA Domestic Support Measures</td><td>• Direct compensation
• Strengthening competitiveness by item
• Fundamental structural improvement</td></tr>
<tr><td>Analysis of Performance Management of the FTA Domestic Support Measures</td><td>• Current status of performance analysis of the FTA Domestic Support Measures
• Formal operation of performance analysis of FTA Domestic Support Measures
• There is a need to manage FTA Domestic Support Measures project execution performance based on actual execution results.
• Issues related to the reduction of budget and scope of the FTA Domestic Support Measures</td></tr>
<tr><td colspan="2">Ⅳ. Conclusions and Implications</td><td>• Comprehensive Proposals</td></tr>
</table>

Ⅱ. Current Status

1. Current Status of Korea's FTA Implementation

❑ FTAs are agreements between signatory countries that grant mutual exclusive trade benefits by eliminating tariffs and trade barriers in the trade of goods and services.

- Since the entry into force of the FTA with Chile in 2004, Korea has concluded 22 FTAs with a total of 59 countries, including Singapore, ASEAN[5], India, the EU, and the United States.
- In March 2025, Korea, China, and Japan agreed to resume previously suspended trilateral FTA discussions. In addition, negotiations for new FTAs are underway, including the 6th round Korea-Thailand EPA talks (June 2025). In September 2025, the government explicitly announced that it is considering joining the CPTPP, and in October 2025, it officially declared the conclusion of FTA negotiations with Malaysia. Meanwhile, tariff negotiations with the United States have reached detailed agreements.[6][7]

---

5) It refers to the Association of Southeast Asian Nations (hereinafter, "ASEAN").

6) As of October 2025, FTAs in force: 22 FTAs, signed/concluded: 6 FTAs, under negotiation: 12 FTAs, negotiations resumed/conditions under development: 9 FTAs

7) On October 29, 2025, at the APEC summit in Gyeongju, investments for the U.S. were structured to comprise USD 20 billion in cash investments and USD 15 billion in shipbuilding cooperation, totaling USD 35 billion. The annual cap of cash investments was set to USD 2 billion.

[Current status of Korea's FTA Discussions in 2025]

Category	Stage	Description
Existing FTAs	Amendment negotiations	• ('25.1.) Korea-China FTA, follow-up negotiations on service and investment resumed
New FTAs	Negotiations resumed	• ('25.3.) Korea-China-Japan FTA, negotiations resumed
	Negotiations in progress	• ('25.6.) Korea-Thailand EPA, 6th round of negotiations in progress • ('25.8.) Korea-Bangladesh CEPA, 1st round of negotiations in progress
	Negotiations concluded	• ('25.10.) Korea-Malaysia FTA, conclusion of final negotiations declared
Multilateral / regional agreement	New accession	• ('25.9.) Reviewing accession to the multilateral regional trade agreement (CPTPP)*

Note: The CPTPP has 12 member states, including Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, and the United Kingdom (joined in December 2024).

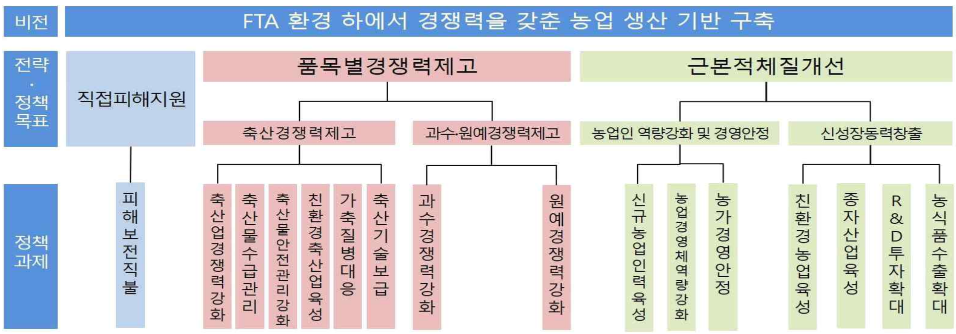
Source: Prepared based on the October 27, 2025 press release of the Ministry of Trade, Industry and Resources, and Free Trade Under Attack: Trends and Implications of FTA Negotiations among Major Countries (International Trade Institute of the Korea International Trade Association, 2025).

2. Current Status of the FTA Domestic Support Measures and Investment and Loan Plan

❑ The FTA Domestic Support Measures were established following the entry into force of the Korea-Chile FTA in April 2004, with the enactment of the Special Act on Assistance to Farmers and Fishers Following the Conclusion of Free Trade Agreements (hereinafter, "FTA Agriculture and Fisheries Act"). Under this program, FTA funds were created, and investment and loan projects were implemented to enhance the competitiveness of the agricultural and fisheries industry.

◦ The FTA Domestic Support Measures consist of three strategic goals—(1) direct support for FTA-related damages, (2) enhancement of item-specific competitiveness, and (3) fundamental improvement of the industrial structure—and five strategic tasks.

[Strategic and Policy Goals and Policy Tasks of the FTA Domestic Support Measures]



Source: 2026 FTA Countermeasures Investment and Loan Plan for Agricultural Producers (Draft) published by the Ministry of Agriculture, Food and Rural Affairs in 2025

범례	
비전	Vision
FTA 환경 하에서 경쟁력을 갖춘 농업 생산 기반 구축	Establishing a competitive agricultural production base under the FTA environment
전략·정책 목표	Strategy & Policy Objectives
직접피해지원	Direct Compensation
품목별경쟁력제고	Enhancing Competitiveness by Product
축산경쟁력제고	Enhancing Competitiveness in the Livestock Sector
과수원예경쟁력제고	Enhancing Competitiveness in the Fruit and Horticulture Sectors
근본적체질개선	Fundamental Structural Improvement
농업인 역량강화 및 경영안정	Strengthening Farmers' Capacity and Stabilizing Farm Management
신성장동력창출	Creating New Growth Engines
정책과제	Policy Tasks
피해보전직불	Damage Compensation Direct Payment
축산업경쟁력강화	Strengthening Competitiveness in the Livestock Industry
축산물수급관리	Livestock Supply and Demand Management
축산물안전관리강화	Strengthening Safety Management of Livestock Products
친환경축산업육성	Promotion of Environmentally Friendly Livestock Farming
가축질병대응	Response to Livestock Diseases
축산기술보급	Dissemination of Livestock Technologies
과수경쟁력강화	Strengthening Competitiveness in the Fruit Sector
원예경쟁력강화	Strengthening Competitiveness in the Horticulture Sector
신규농업인력육성	Fostering New Agricultural Workforce
농업경영체역량강화	Strengthening the Capacity of Agricultural Management Entities
농가경영안정	Stabilizing Farm Management
친환경농업육성	Promotion of Environmentally Friendly Agriculture
종자산업육성	Promotion of the Seed Industry
R&D투자확대	Expansion of R&D Investment
농식품수출확대	Expansion of Agricultural and Food Exports

○ According to the agricultural sector FTA Domestic Support Measures, the scale of investment and loan related to the Korea-U.S. FTA is KRW 23.1 trillion, while those related to the Korea-Commonwealth and Korea-EU agreements are KRW 12.0 trillion and KRW 10.8 trillion, respectively.

[Current FTA Domestic Support Measures in the Agricultural Sector]

Category	Description						
Legal basis	Special Act on Assistance to Farmers and Fishers Following the Conclusion of Free Trade Agreements						
Comple-mentary measures (Date of establish-ment)	Korea -Chile (Jul. 2003)	Korea-EU (Nov. 2010)	Korea-U.S (Jan. 2012)	Korea -Commonwealth (Korea-Australia/ Canada, Sep. 2014, Korea-New Zealand, Jun. 2015)	Korea -China, Korea -Vietnam (Jun. 2015)	RCEP* (Sep. 2021)	Korea -Philippines (Oct. 2023)
Imple-mentation period	7 years (2004-2010) *Integrated into Korea-U.S. countermeasures since 2008	10 years (2011-2020)	10 years (2008-2017)	10 years (2015-2024)	10 years (2016-2025)	10 years (2022-2031)	10 years (2024-2033)
Investment and loan volume	KRW 1.2 trillion	KRW 10.8 trillion	KRW 23.1 trillion	KRW 12.0 trillion	KRW 1.7 trillion	KRW 920.7 billion	KRW 1.3 trillion

Source: 2024 FTA Domestic Support Measures: Farmer Support Performance Analysis Report published by the Government of the Republic of Korea in May 2025

❑ The 2026 FTA Domestic Support Measures budget (proposal) is set at KRW 122.4 billion, a decrease of 75.8% (－KRW 382.9 billion) compared to KRW 505.3 billion in 2025.

○ With the expiration of the Korea-China and Korea-Vietnam FTA Domestic Support Measures in 2025, and the conclusion of most other domestic support measures, the overall budget has been reduced.

[Annual Budget for the FTA Domestic Support Measures]

(Unit: KRW 100 million)

Category	2022	2023	2024	2025	2026 (Proposal)
Budget for the FTA Domestic Support Measures	15,850	15,105	14,292	5,053	1,224

Source: Prepared based on the FTA Countermeasures Investment and Loan Plan for Agricultural Producers (Draft) for each year, issued by the Ministry of Agriculture, Food and Rural Affairs.

○ It was allocated to 2026 proposed budget of KRW 122.4 billion as the FTA direct compensation, and item-specific competitiveness enhancement, no budget was allocated to fundamental structural improvement.

 − FTA direct compensation: KRW 20.6 billion (16.8%), item-specific competitiveness enhancement: KRW 101.8 billion (83.2%)

Ⅲ. Key Issue Analysis

1. Analysis of the Impact of FTA Conclusion and Expansion on the Agricultural Sector

a. Analysis of agricultural food products imports and exports under FTAs

❑ As the FTA conclusion and expansion has resulted in a decrease in agricultural production value and widening agricultural trade deficits , it is necessary to establish measures to reduce agricultural trade deficits and actively utilize FTA systems to diversify and broaden export markets and products.

○ With FTA expansions, imports in the agricultural and food sector have increased, and Korea's trade balance in the sector deteriorated to a $33 billion deficit in 2024.

- As of 2024, FTA partner countries accounted for 86% of the total agricultural food products trade deficit.

[Agricultural Food Products Trade Volume and Trade Balance (2020-2024)]

(Unit: USD million,%)

Category	2020	2021	2022	2023	2024
Overall trade balance	-26,709	-33,345	-39,746	-34,794	-33,028
Trade balance with FTA partner countries	**-23,409 (87.6)**	**-28,776 (86.3)**	**-33,336 (83.9)**	**-29,369 (84.4)**	**-28,354 (85.8)**

Note: The figures in the parentheses indicate the share of FTA partner countries relative to the total.

Source: Prepared based on KATI agricultural and food export information and data submitted by the Ministry of Agriculture, Food and Rural Affairs.

○ As the FTAs expand, trade volumes across all industries and the overall economic scale of Korea have grown. However, the increase in agricultural food products imports has deteriorated Korea's agricultural food products trade balance, so it is necessary to develop active and sustainable measures for expanding agricultural food products exports.

- Korea's overall FTA trade surplus: (2020) $45.2 billion → (2024년) $74.7 billion
- Agricultural sector FTA trade deficit: (2020) $45.2 billion → (2024년) $74.7 billion
- The export utilization rate of FTA for agricultural food products exports[8] (87.3% in 2025) has been increasing recently, but it remains lower than the import utilization rate

8) The FTA export utilization rate refers to the percentage statistics indicating how many preferential tariff items exported to FTA partner countries are accompanied by FTA certificates of origin.

(93.5% in 2025)[9]. Additionally, heavy reliance on a few countries for exports underscores the need for continuous efforts to diversify export destinations.

[FTA Export and Import Utilization Rate in the Agricultural and Fishery Products Sector (Q4 2020 - Q2 2025)]

(Unit: %)

Category	2020.4Q	2021.4Q	2022.4Q	2023.4Q	2024.4Q	2025.2Q
Export utilization rate	**54.7**	**55.8**	**55.4**	**78.7**	**84.1**	**87.3**
Import utilization rate	92.2	92.7	92.1	92.9	93.2	93.5

Source: Prepared based on each quarter's FTA utilization guidance map and National Statistics Portal (KOSIS).

[Trade Volume of the Top Five Agricultural Food Products Export Destinations among Major FTA Partner Countries]

(Unit: USD million)

Agricultural food products trade volume in 2024		Agricultural food products trade volume in 2025 (January-June)	
ASEAN	1,901.4	United States	930.0
United States	1,588.7	ASEAN	915.2
China	1,507.8	China	738.1
Japan	1,372.3	Japan	696.8
EU	571.9	EU	366.5

Source: Prepared based on Trends in Agricultural and Livestock Product Trade with FTA Partner Countries, 2Q 2025 and Q4 2024 Reports published by the Korea Rural Economic Institute.

❑ According to an analysis of the current status of agricultural trade with major countries, Korea's trade deficit under the Korea-U.S. FTA was the largest at USD 8.0 billion, followed by a USD 5.3 billion deficit under the Korea-EU FTA, and a USD 3.0 billion deficit under the Korea-Australia FTA.

○ **(Korea-U.S. FTA)** The market liberalization rate of the agricultural

9) Major export destinations include ASEAN, the United States, China, Japan, and the EU.

sector is the highest at 97.9%, and the agricultural trade balance deficit is also the largest, driven by increased imports of livestock and grains.

- Agricultural food products trade deficit: (2020) USD 7.6 billion → (2022) USD 9.5 billion → (2024) USD 8.0 billion

○ **(Korea-EU FTA)** The market liberalization rate of the agricultural sector stands at 96.3%, the second highest, and has affected the scale of the agricultural trade balance deficit due to increased imports of dairy products and livestock.

- Agricultural food products trade deficit: (2020) $4.2 billion → (2022) $5.8 billion → (2024) $5.3 billion

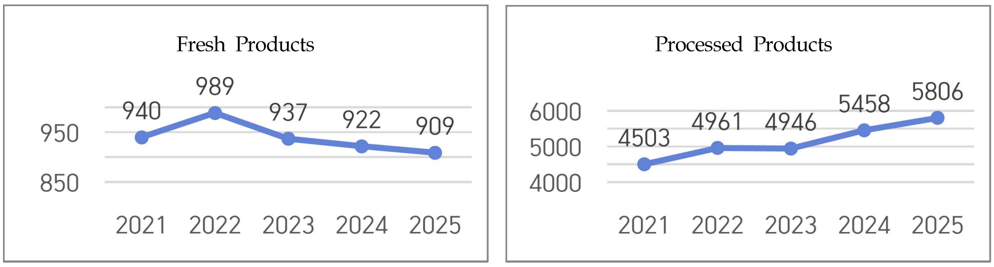
○ **(Korea-Australia FTA)** The market liberalization rate of the agricultural sector stands at 88.2%, affecting the scale of the agricultural trade balance deficit due to increased imports of meat and grains.

- Korea has a persistent trade deficit structure with Australia, driven by the large-scale import of meat, grains, and other items, resulting in high dependency on agricultural and livestock products.
- Agricultural food products trade deficit: (2020) $2.2 billion → (2022) $3.7 billion → (2024) $3.0 billion

❑ Despite the increase in agricultural and food product exports, given that exports are mainly focused on processed food products, there exists a structural limitation with weak linkage to domestic farm income growth.

[Monthly Cumulative Exports of Fresh and Processed Food Products]

(Unit: USD million)



Source: Prepared based on the KATI agricultural and food export information website (https://www.kati.net/statistics/dashBoard.do)

b. Analysis of agricultural sector production losses by major FTA partner countries

❑ Due to the FTAs, Korea's agricultural production value has significantly declined, and compared to pre-impact assessment, ex-post impact assessments show differences in the magnitude of losses. Therefore, it is essential to thoroughly analyze future production losses for future FTAs.

○ The government, based on Article 4, Paragraph 4 of the FTA Agriculture and Fisheries Act[10], conducts prior assessments and analyses of the impacts on agricultural and fisheries sectors, such as reduction in production and farm and fishery income, and reflects the results when establishing comprehensive support measures for farmers and fishers.

10) Special Act on Assistance to Farmers and Fishers Following the Conclusion of Free Trade Agreements
Article 4 (Formulation of Comprehensive Measures to Support Farmers and Fishermen)
(4) When the Government formulates comprehensive measures to support farmers and fishermen, it shall, in advance, investigate and analyze any possible effects of the implementation of an agreement on agriculture and fisheries, such as production decline in agriculture and fisheries and reduction of rural income, and shall fully reflect the results thereof.

○ According to Article 15, Paragraph 1[11] of the Act on the Conclusion Procedure and Implementation of Commercial Treaties the government should evaluate the implementation status of commercial treaties, and according to Article 2[12] of the Enforcement Decree of the Act on the Conclusion Procedure and Implementation of Commercial Treaties, this evaluation should be conducted every five years following the entry into force.

○ **(Analysis of the agricultural sector production losses due to the implementation of the Korea-U.S. FTA)** According to the FTA implementation evaluation report, the Korea-U.S. FTA implementation resulted in an average annual reduction in agricultural production value of KRW 677.4 billion over 10 years, totaling a cumulative loss of KRW 6.8 trillion over the same period.

- The ex-post impact assessment loss amount (−KRW 675.2 billion) increased compared to the pre-impact assessment loss amount (−KRW 656.9 billion), with significant negative impacts on the livestock and grain sectors.

---

11) Act on the Conclusion Procedure and Implementation of Commercial Treaties
Article 15 (Evaluation and Reporting of Status of Implementation of Commerce Treaties)
(1) The Minister of Trade, Industry and Resources shall evaluate the status of implementation of a commerce treaty for which 10 years have not passed since it was entered into force, including the following matters, and shall report the results to the Trade, Industry, Energy, SMEs and Startups Committee of the National Assembly
1. Economic effects of the commerce treaty in force;
2. Effectiveness of domestic measures for an injured industry, and other remedial measures;
3. Major discussions at a joint committee organized in accordance with the commerce treaty, including the status of implementation of treaty obligations by the government of the other State party to the treaty;
4. Other matters deemed necessary by the Minister of Trade, Industry and Energy.

12) Enforcement Decree of the Act on the Conclusion Procedure and Implementation of Commercial Treaties
Article 2 (Evaluation Cycle of the Implementation of Commerce Treaties)
(1) According to the Article 15 of the Act on the Conclusion Procedure and Implementation of Commercial Treaties, the implementation of commerce treaties shall be evaluated every five years following the agreement's entry into force.

[Agricultural Production Losses by Major Item Due to the Korea-U.S. FTA: Comparison of Pre-Impact Assessment and Actual Impact Assessment Results]

(Unit: KRW 100 million)

Category	Korea-U.S. FTA Pre-impact assessment (2011)	Korea-U.S. FTA Implementation status evaluation report (2023)	Difference in the magnitude of losses
Average annual loss by item	Approximately KRW 656.9 billion decrease	Approximately KRW 675.2 billion decrease*	183
Livestock	**3,639**	**4,822**	**1,183**
Grain	**190**	**803**	**613**
Vegetables	579	406	-173
Fruits	2,162	721	-1,441

Note: During the 10 years of implementation, the average annual losses across items amounted to KRW 677.4 billion, excluding KRW 2.2 billion for specialty products and others.

Source: Prepared based on the Impacts and Challenges of the Korea-U.S. FTA in Agricultural Sector (Korea Rural Economic Institute, 2011) and the Korea-U.S. FTA Implementation Status Evaluation Report (Korea Institute for International Economic Policy et. at., 2023).

○ **(Analysis of the agricultural sector production losses due to the implementation of the Korea-EU FTA)** According to the FTA implementation evaluation report, the Korea-EU FTA implementation resulted in an average annual reduction in agricultural production value of KRW 129.2 billion over 10 years, totaling a cumulative loss of KRW 1.3 trillion over the same period.

– The ex-post impact assessment loss amount (−KRW 129.2 billion) decreased compared to the pre-impact assessment loss amount (−KRW 144.8 billion), with increased impacts on the grain sector.

[Agricultural Production Losses by Major Item Due to the Korea-U.S. FTA: Comparison of Pre-Impact Assessment and Actual Impact Assessment Results]

(Unit: KRW 100 million)

Category	Korea-EU FTA Pre-impact assessment (2009)	Korea-EU FTA Implementation status evaluation report (2022)	Difference in the magnitude of losses
Average annual production loss by item	1,448	1,292	△156
Livestock	1,342	1,128	△214
Grain	**10**	**91**	**81**
Vegetables (Fruit vegetables)	43	57	14
Fruits	53	12	△41
Specialty, Others	-	5	5

Source: Prepared based on Impact Analysis of the Korea-EU FTA on Domestic Agriculture (Korea Rural Economic Institute), presentation at the DDA/FTA Agricultural Negotiations Forum (2009), and Korea-EU FTA Implementation status evaluation report (Korea Rural Economic Institute and Korea Rural Economic Institute, 2022).

○ **(Analysis of the agricultural sector production losses due to the implementation of the Korea-Australia FTA) According to the FTA implementation evaluation report, the Korea-Australia FTA implementation resulted in an average annual reduction in agricultural production value of KRW 24.6 billion over five years, totaling a cumulative loss of KRW 122.8 billion over the same period.**

- The ex-post impact assessment amount (－KRW 24.6 billion) decreased compared to the pre-impact assessment amount (－KRW 38.3 billion).

[Agricultural Production Losses by Major Item Due to the Korea-U.S. FTA: Comparison of Pre-Impact Assessment and Actual Impact Assessment Results]

(Unit: KRW 100 million)

Category	Korea-Australia FTA Pre-assessment (2014)	Korea-Australia FTA implementation status evaluation report (2021)	Difference in the magnitude of losses
Average annual loss by item	Approximately KRW 38.3 billion decrease	Approximately KRW 24.6 billion decrease	-137
Livestock	267	185	-82
Grain	76	48	-28
Vegetables	26	11	-15
Fruits	-	1	1
Specialty, Others	13	-	-13

Source: Prepared based on the Impacts and Challenges of the Korea-Australia, Korea-New Zealand, Korea-Canada FTA Negotiations in Agricultural Sector (Korea Rural Economic Institute, 2014) and the Korea-Australia FTA Implementation Status Evaluation Report (Korea Institute for International Economic Policy et. at., 2021).

2. Analysis of the Performance of the FTA Domestic Support Measures

a. Direct compensation

❑ **(Need to improve the Damage Compensation Direct Payment System)** It is necessary to thoroughly review and consider measures to address the issues, such as unspent project funds and product-level monitoring under the Damage Compensation Direct Payment System, and consider easing stringent payment eligibility requirements.

○ The execution rate of the Damage Compensation Direct Payment System has shown significant annual variation from 2015 to 2024 and the average execution rate of the program is only 37.0%.

– Good execution rate: (2016) 100%, (2020) 100%, (2024) 99.5%.

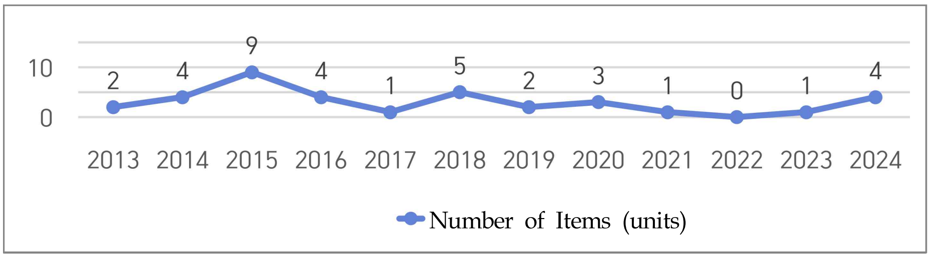
– Poor execution rate: (2017) 3.3%, (2019) 1.0%, (2021) 3.5%, (2022) 0.0%, (2023) 1.8%.

○ Over the last 10 years (2015–2024), the number of items eligible for support under the FTA Loss Compensation Direct Payment Program has been limited to three on average. Due to stringent payment requirements, sufficient support is not provided to farmers who suffered actual losses.

– According to the annual performance of the FTA Loss Compensation Direct Payment Program, a total of KRW 285.3 billion was disbursed from 2013 to 2024, and the number of supported items amounted to 36 in total (including duplicates).

– Products subject to the FTA Loss Compensation Direct Payment Program in 2024: Korean native cattle (Hanwoo), calves, beef cattle, mung beans

[Number of Items Supported by the Loss Compensation Direct Payment Program by Year]



Source: Prepared based on 2024 FTA Domestic Support Measures: Farmer Support Performance Analysis Report published by the Ministry of Agriculture, Food and Rural Affairs in 2025.

○ The Damage Compensation Direct Payment System is scheduled to sunset in 2026. Considering the continuous increase in imports of agricultural and livestock products due to FTA implementation, measures need to be prepared to stabilize farm management and minimize damages to domestic agricultural and fisheries sectors following the expiration of the program.

– Under Article 6, Paragraph 1 of the FTA Agriculture and Fisheries Act[13)], the current Damage Compensation Direct Payment System is mandated to be implemented for 10 years from the effective date of the Free Trade Agreement between the Government of the Republic of Korea and the Government of the People's Republic of China, and the program is scheduled to sunset in 2026.

– Following the sunset of the Damage Compensation Direct Payment System, it is necessary to explore various countermeasure measures, including programs to respond to agricultural market liberalization and to enhance global competitiveness, in order to effectively address the challenges posed by market opening.

b. Strengthening competitiveness by item

❑ **(Livestock Facility Modernization)** Given the consistently low annual actual execution rate of the project, it is necessary to manage the project more systematically to prevent recurring underperformance in actual execution.

○ It is necessary to clearly present the measurement methodology used as the basis for the performance target calculation of the

13) Special Act on Assistance to Farmers and Fishers Following the Conclusion of Free Trade Agreements
Article 6 (Compensation for Loss and Damage Caused by Implementation of Free Trade Agreements)
(1) For items that have suffered price decline due to the rapid increase in the volume of imports by the implementation of an agreement, the Government may execute a policy to directly pay compensation for losses and damage caused by the implementation of the said agreement (hereinafter referred to as "direct compensation for losses and damage") to farmers, fishermen, etc. who had been producing the relevant items prior to the effective date of the said agreement, for 10 years from the effective date of the Free Trade Agreement between the Government of the Republic of Korea and the Government of the People's Republic of China.

Livestock Facility Modernization Project

- Productivity improvement rate of farms supported by the Livestock Facility Improvement Project: Targeting an 8% productivity improvement compared to pre-implementation level
- Productivity improvement rate of ICT-utilizing farms in the livestock sector: Targeting an 18.6% productivity improvement compared to pre-implementation level
- According to the 2024 fund retention evaluation, it was pointed out that the project requires improvements to enable feedback based on accurate analysis of performance factors.

○ Examining the actual expenditures of the Livestock Facility Modernization Project over the last three years (2022–2024), the average actual execution rates were 53.0% for loans and 58.3% for subsidies, slightly above half.[14)]

- Loan actual execution details: (2022) 42.0% → (2023) 44.9% → (2024) 72.2%
- Subsidy actual execution details: (2022) 57.5% → (2023) 67.0% → (2024) 50.3%

○ In the Ministry's self-assessment of budgetary program over the past three years, the project received a "satisfactory" rating in 2022, but was rated "insufficient" in 2023-2024. Due to underperformance in execution, it was included in the Ministry of Agriculture, Food and Rural Affairs' 2025 expenditure restructuring plan, indicating the need for more rigorous project management.

❑ **(Horticultural Facility Modernization) As the project budget continues to decline and annual execution performance remains sluggish, it is necessary to review the overall feedback system of**

14) The Ministry of Agriculture, Food and Rural Affairs attributes the project's low performance to delays in operator selection and authorization, and insufficient collateral capabilities.

the project, including efforts to improve execution performance and to refine performance indicators to ensure systematic project management.

○ As the budget actual execution rate continues to decline, it is necessary to improve the project selection timing or procedures to enhance actual execution performance and prevent future budget underutilization, such as carryovers or lapses.[15)]

– Actual execution details: (2022) 59.7% → (2023) 49.8% → (2024) 41.1%

○ It is necessary to enhance performance metrics to improve the effectiveness of the project.

– Performance metrics for the support for the Specialty Crop Facility Modernization Project are being managed.

– The Specialty Crop Facility Modernization Project is subdivided into three sub-projects: the Specialty Crop Modernization, Specialty Crop (ginseng) Production Facility Modernization, and Mushroom Medium Management Center. Therefore, detailed management is required to ensure systematic implementation of the project through performance metrics specifically designed for each items.

15) The Ministry of Agriculture, Food and Rural Affairs attributes the reasons for poor execution performance to local governments' failure to apply for funds caused by project dropouts and administrative delays.

[Horticultural Facility Modernization Project Performance Metrics]

Performance metrics	Measurement formula	Data Collection Method
Support for the Specialty Crop Facility Modernization Project (Unit: Number of farms)	Number of farms supported for the renovation and repair of aging specialty crop (mushrooms, green tea, medicinal, and other) cultivation facilities + number of farms supported for the replacement and purchase of aging equipment	Aggregation of settlement results from local governments

Source: Project Description Material II-1 for the 2026 Budget Bill and Fund Management Plan Proposal, Ministry of Agriculture, Food and Rural Affairs, 2025

❑ **(Smart Agriculture) In order to enhance the quality and performance of smart agriculture, the government needs to** systematically manage smart agriculture through **(a) advancing smart farm technology, (b) scaling up production complexes, and (c) enhancing the effectiveness of smart farm adoption among farmers** through systematic education and training, consulting support, and other relevant means.

○ An examination of the smart fam adoption rate relative to all farms reveals that both the overall smart farm adoption rate and the proportion of smart livestock farming have been gradually increasing.

– Trends in smart farm adoption rates relative to all farms: (2017) 7.3% → (2020) 11.0% → (2023) 14.9%

– Trends in the proportion of smart livestock farming adoption among full-time livestock farmers: (2017) 2.3% → (2020) 11.6% → (2024) 28.4%

○ the smart farm technology level in the protected horticulture sector remains relatively low, centered on first-generation technologies, and the smart farming area per farm continues to decline.

– Smart farm dissemination performance (first generation): (2017)

85.0% → (2020) 84.2% → (2024) 73.4%

- Smart farm dissemination performance (second generation): (2017) 15.0% → (2020) 15.8% → (2024) 26.6%
- Disseminated smart farm area per farm: (2017) 0.72 ha → (2020) 0.51 ha → (2024) 0.47 ha

○ The government needs to continue efforts to expand smart agriculture by integrating ICT convergence technologies with agriculture.

- Although the proportion of the protected horticulture and livestock farmers adopted smart farms is increasing, first-generation smart farms, which have relatively low technological levels, still account for more than 70%.
- In the future, efforts should be focused on the development and dissemination of advanced smart farm technologies. To this end, a two-track strategy can be considered, aiming at improving quality: developing smart farm models tailored for small- and medium-sized farms and establishing scaled-up leading model farms.

c. Fundamental structural improvement

❑ **(Eco-friendly Agriculture Direct Payment) As the number of certified organic farms and their certified land area are declining, it is necessary to either introduce incentives—such as expanding eligibility for the eco-friendly agriculture direct payment—or ensure close management through implementation monitoring based on specific performance targets.**

○ Since the introduction of the Public-Benefit Direct Payment System, the performance of the program increased until 2021, but has since declined through 2024.

- Participation performance: (2020) 33,849 ha → (2021) 35,647 ha → (2023) 32,600 ha → (2024) 31,967 ha
- Performance against the target: (2020) 101.9% → (2021) 107.3% → (2023) 98.1% → (2024) 95.0%

○ The number of certified organic farms and their certified land area have shown a steady decline. As of 2024, the share of certified organic agricultural land stands at only 4.5%, falling short of the 10% target set out in the Fifth Five-Year Plan for Eco-friendly Agriculture Development.

- Number of certified organic farms: (2020) 59,249 farms → (2024) 48,668 farms
- Agricultural area certified for eco-friendly agricultural products: (2020) 86.5% → (2024) 56.8%
- Therefore, it is necessary to seek measures to enhance the contribution of this program through the expansion of areas eligible for eco-friendly agriculture direct payment and increases in payment rates.

❑ **(Eco-friendly Livestock Direct Payment)** Considering the continuous decline in the number of farms certified for eco-friendly livestock husbandry, it is necessary to review the current qualification requirements, such as the support budget scale and support duration, and to promote the activation of eco-friendly livestock by continuously encouraging the introduction of organic livestock.

○ Number of farms with organic livestock certification eligible for the Eco-friendly Livestock Direct Payment program: (2020) 32 farms → (2024) 21 farms

- Performance against the target: (2020) 86.5% → (2024) 56.8%

○ The main reasons for not meeting the targets for the number of participating farms in the Eco-friendly Livestock Direct Payment

Program include: (a) strengthened compliance inspections and (b) stagnation in the number of certified organic livestock farms.

- Due to stagnation in the number of certified organic livestock farms caused by strict compliance criteria, and operational difficulties resulting from high production costs, the program has failed to meet targets repeatedly. Therefore, measures to improve target achievement need to be established.
- Similar to the Eco-friendly Agriculture Direct Payment program, it is necessary to consider measures such as providing a certain level of Sustainable Organic Livestock Direct Payment to farmers who maintain organic livestock farming.

❑ **(Agricultural Disaster Insurance)** It is necessary to gradually expand the disaster prevention function of the program and reinforce the foundation for stable farm management by examining the adequacy of premium rates, compensation criteria, and other relevant factors, centered on items with low insurance subscription rates.

○ As of 2024, nine items were eligible for revenue stability insurance, and the subscription rate was 3.9%, marking an 18.2% increase from the previous year.

○ As of 2024, 16 items were eligible for livestock disaster insurance, and the subscription rate was 95.4%. The subscription rate was found to be dependent on mortality risk of livestock.

- Subscription rates by livestock: Pigs (98.0%), Poultry (97.4%), Cattle (15.0%), Horses (4.3%)

○ Looking at the subscription rates for agricultural disaster insurance by item, food crops (52.0%), fruits (50.1%), and specialty crops (42.5%) appear to have similar subscription rates. However, significant variations are observed when examined at the detailed item level.

- Among the detailed items with more than 1,000 farms enrolled, those with high subscription rates include apples (99.1%), pears (83.9%), and rice (63.5%), whereas 42 items show subscription rates below 40%.
- Even considering differences in item-specific disaster risk, the operation period of agricultural disaster insurance, and field recognition levels, subscription rates varied across items.

3. Analysis of Performance Management of the FTA Domestic Support Measures

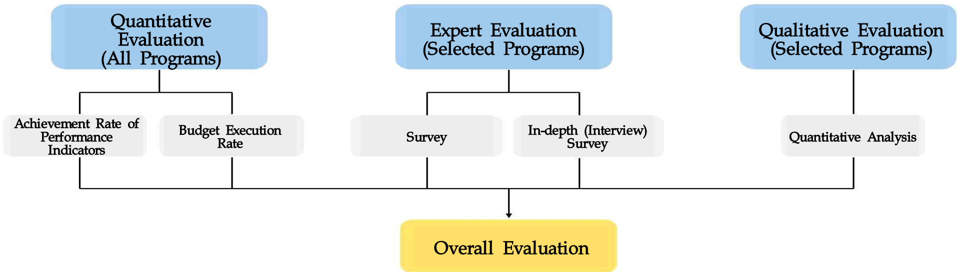
a. Current status of performance analysis of the FTA Domestic Support Measures

❑ Pursuant to the Special Act on Assistance to Farmers and Fishers, etc. Following the Conclusion of Free Trade Agreements, the government is required to prepare the “FTA Domestic Support Measures Performance Analysis Report on Support for Farmers and Fishers, etc.” analyzing the execution performance for the previous fiscal year, performance, and effects, and submit it to the competent standing committee of the National Assembly by May 31 each year.

○ The primary objective of the FTA Domestic Support Measures performance analysis is to evaluate whether governmental financial support has contributed to enhancing the competitiveness of agriculture and fisheries and stabilizing farm management. For 2024, 39 projects were selected for this performance analysis.

- Quantitative evaluation (39 projects), qualitative evaluation (3 projects), expert evaluation (2 projects)

[FTA Domestic Support Measures Performance Analysis System]



Source: 2024 FTA Domestic Support Measures: Farmer Support Performance Analysis Report, the Ministry of Agriculture, Food and Rural Affairs, 2025

b. Formal operation of performance analysis of FTA Domestic Support Measures

❑ **(Performance mismatch)** In the FTA Domestic Support Measures performance analysis, most projects were evaluated as ‘satisfactory.’ However, many projects were evaluated as ‘unsatisfactory’ in the Ministry of Agriculture, Food and Rural Affairs’ overall self-assessment of fiscal projects. Therefore, there is a need to establish improvement measures for future FTA Domestic Support Measures performance analyses.

○ The comparison of the Ministry of Agriculture, Food and Rural Affairs’ self-assessment of fiscal projects over the past years (2022-2024) with the FTA Domestic Support Measures performance analysis revealed, among the projects evaluated as ‘satisfactory’ with the FTA Domestic Support Measures performance analysis revealed[16], among the projects evaluated as

16) Among the FTA Domestic Support Measures sub-projects and the projects subject to the self-assessment of fiscal projects, only 17 identical sub-projects were extracted for analysis. Those not included in the self-assessment and detailed projects were excluded from the analysis.

'satisfactory' in the FTA Domestic Support Measures performance analysis, 7 projects (41.2%) received 'unsatisfactory' ratings in the overall self-assessment of fiscal projects over the span of three years.

- The Livestock Facility Modernization, Support for Direct Feed Transaction by Farms, and Loss Compensation Direct Payment Programs received 'unsatisfactory' ratings for two consecutive years in the overall self-assessment of fiscal projects.

○ The performance analysis of the FTA Domestic Support Measures showed relatively lower ratings than the overall self-assessment of fiscal projects conducted by the Ministry of Agriculture, Food and Rural Affairs.

- Average of the overall self-assessment of fiscal projects: (2022): 82.7 → (2023): 82.4 → (2024): 80.0
- Average of the FTA Domestic Support Measures: (2022): 79.4 → (2023): 81.8 → (2024): 79.6

○ The FTA Domestic Support Measures has been conservatively evaluated, limiting the practical benefits of the assessments. Therefore, measures to enhance the effectiveness of future performance analysis of the FTA Domestic Support Measures should be established.

❑ **(Insufficient feedback system and lack of comprehensive evaluation)** The FTA Domestic Support Measures have not been evaluated using ratings such as 'excellent,' 'satisfactory,' 'satisfactory,' or 'unsatisfactory.' Furthermore, the feedback system informing improvement measures for issues identified during the implementation is insufficient, and a comprehensive, overarching evaluation framework has not been developed.

○ Although, among 39 projects subject to the FTA Domestic

Support Measures performance analysis, 37 projects were evaluated as contributing to farm management stability and competitiveness enhancement, the analyses of projects with shortcomings were not sufficiently thorough.

- (Projects requiring system improvement (1)) Development of the Livestock Product Statistics Management System A system needs to be developed to proactively adjust domestic raw milk production to prevent oversupply.
- (Projects requiring system improvement (2)) Eco-friendly Livestock Direct Payment System: The budget execution rate of this project is relative low (58.5%). Efforts to promote the expansion of eco-friendly livestock farming and stabilize livestock farm incomes are necessary.

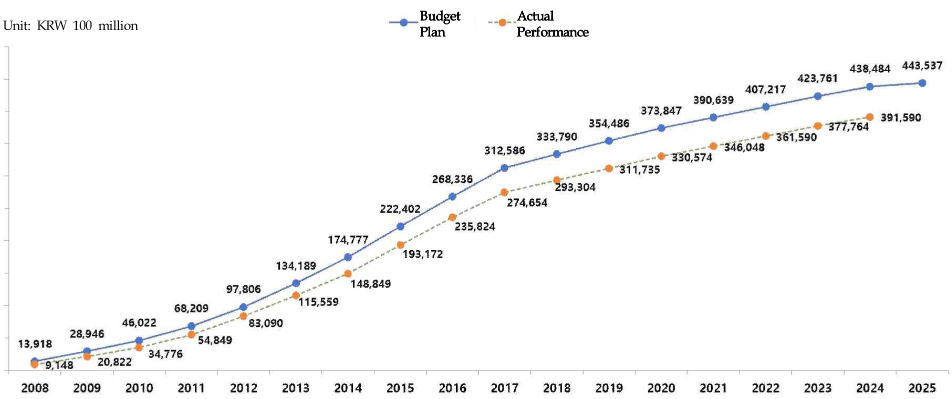
○ Although the current FTA Domestic Support Measures performance analysis report organizes evaluation findings through individual project performance analysis and conclusions by policy objective, comprehensive content that encompasses all projects is not included. Therefore, it is necessary to prepare future reports by adding an overall evaluation that covers the entire scope of performance analysis.

c. There is a need to manage FTA Domestic Support Measures project execution performance based on actual execution results.

❑ The execution performance of the FTA Domestic Support Measures projects is currently managed based on each ministry's fund disbursement output, which creates discrepancies from the actual execution performance at the final beneficiary level. Thus, it is necessary to change execution management to an actual execution-based system to strengthen project management.

○ The total amount executed by the government from 2008 to 2024 (cumulative basis) is KRW 39.159 trillion, and of the KRW 1.4723 trillion budget allocated for the 2024 FTA Domestic Support Measures, KRW 1.3825 trillion (93.9%) was executed.

[FTA Domestic Support Measures Investment and Loan Budget and Execution Performance (Cumulative)]



Note: The FTA Domestic Support Measures budget for the Korea-USA FTA was allocated from 2008 to 2017, for the Korea-EU FTA from 2011 to 2020, for the Korea-Commonwealth (Australia·Canada) FTA in 2015, for Korea-China, Korea-Vietnam, Korea-New Zealand FTAs in 2016, for the RCEP in 2022, for the Korea-Philippines FTA from 2024 onwards.

Source: 2026 FTA Countermeasures Investment and Loan Plan for Agricultural Producers (Draft) published by the Ministry of Agriculture, Food and Rural Affairs in 2025

○ An examination of the[17)] actual execution performance of the 25 projects included in the 2024 FTA Domestic Support Measures performance analysis indicates that some projects show notable differences from the reported execution rates.

  − Five projects showed a difference of 10%p or more between the budgeted execution rate and the actual execution rate. Among them, the Smart Farm ICT Convergence Expansion

17) Out of the 39 projects implemented under the FTA Domestic Support Measures, the performances of 25 projects for which actual execution performance could be compared with the investment and loan plans were selected for analysis.

project showed a difference of 22%p, and the Promotion of Agricultural Products Distribution project showed a difference of 46.3%p.

[Discrepancies Between Budgeted Execution Rate and Actual Execution Rate of Projects Subject to the 2024 FTA Domestic Support Measures Performance Analysis]

(Unit: KRW 100 million, %)

Project group	Sub-project	Budget (A)	Executed amount (B)	Actual execution amount (C)	Execution rate (B/A)	Actual execution rate (C/A)
Promotion of eco-friendly livestock farming	Expansion of roughage production infrastructure	859	854	766	99.4	89.2
	Livestock manure treatment support	689	671	560	97.4	81.3
Strengthening fruit sector competitiveness	Fruit production and distribution support (High-quality fruit production facility modernization, establishment of specialized fruit production complexes, expansion of fruit smart farms)	503	503	425	100.0	84.5
	Smart Farm ICT Convergence Expansion	195	191	148	97.9	75.9
	Promotion of Agricultural Products Distribution (Support for Agricultural Products Distribution Center)	244	244	131	100.0	53.7

Source: Prepared based on the Project Description Material II-1 for the 2026 Budget Bill and Fund Management Plan Proposal, Ministry of Agriculture, Food and Rural Affairs, 2025.

– However, the FTA Domestic Support Measures performance analysis report evaluates the Promotion of Agricultural Products Distribution project as having contributed to competitiveness enhancement, which contrasts with its poor actual execution performance—a problematic inconsistency.

d. Issues related to the reduction of budget and scope of the FTA Domestic Support Measures

❑ Considering the growing trade deficit in agricultural food products and the recent uncertainties in the trade environment, there is a need to transition to a comprehensive, medium- and long-term FTA Domestic Support Measures, while maintaining existing projects and continuously analyzing and monitoring their outcomes.

○ The budget for the FTA Domestic Support Measures from 2022 to 2026 has continuously declined, with a 92.3% reduction from KRW 1,585 billion to KRW 122.4 billion over the same period.

– (Reason for 2026 budget formulation): The FTA Domestic Support Measures for the Korea-China and Korea-Vietnam expire in 2025, and most domestic support measures for other FTAs have already concluded.

[Annual Budget for the FTA Domestic Support Measures]

(Unit: KRW 100 million)

Category	2022	2023	2024	2025	2026 (Proposal)
Budget for the FTA Domestic Support Measures	15,850	15,105	14,292	5,053	1,224

Source: Prepared based on the FTA Countermeasures Investment and Loan Plan for Agricultural Producers (Draft) for each year, issued by the Ministry of Agriculture, Food and Rural Affairs.

○ Considering that performance of the concluded FTA Domestic Support Measures projects is not analyzed, the performance of the projects implemented as part of the FTA Domestic Support Measures need to be continuously managed.

○ As a measure to address recent uncertainties in the trade environment, the government explicitly indicated in September

2025 that it is considering joining the CPTPP. However, there are concerns that CPTPP[18] accession would negatively impact the domestic agricultural sector.

- (Results of the economic feasibility study conducted in 2022) Real GDP: 0.33-0.35%, Consumer welfare: Expected to increase by USD 3 billion
- Agricultural sector: An impact analysis indicated that annual production would decline by an average of KRW 85.3-440 billion over 15 years.

○ To respond to mega FTAs, it is necessary to transition to comprehensive domestic support measures for FTAs from the mid- to long-term perspectives, and to ensure sustainable project operations through continuous performance management and analysis.

Ⅳ. Conclusions and Implications

❑ Analysis of the Impact of FTA Conclusion and Expansion on the Agricultural Sector

○ With the expansion of FTAs resulting in a decrease in agricultural production value and a growing trade deficit in the agricultural sector, it is necessary to devise measures to mitigate the trade deficit and actively leverage FTA export utilization rates in the agricultural sector to expand exports and diversify export destinations.

18) In 2022, the government held a public hearing and approved an action plan regarding CPTPP accession. Although reporting to the National Assembly remains as the final domestic procedure under Korean law, the report has not been submitted due to concerns about potential damages to sensitive industries and increased imports of agricultural and fisheries products, ultimately resulting in the suspension of the accession process. As of 2025, the CPTPP represents the world’s fourth-largest economic bloc, with significant potential to grow into a major economic region in the future.

- ○ Although overall exports of agricultural and food products have increased, the FTA export utilization rate remains lower than the import utilization rate, and exports of fresh agricultural products continue to decrease. This indicates weak linkage to farm household income growth. Therefore, it is necessary to develop improvement measures that can contribute to increasing domestic farm income through product diversification.
- ○ Due to the FTAs, Korea's agricultural production value has significantly declined, and compared to pre-impact assessment, ex-post impact assessments show differences in the magnitude of losses. Therefore, it is essential to thoroughly analyze future production losses for future FTAs.

❑ Analysis of the Performance of the FTA Domestic Support Measures

- ○ (Direct compensation) It is necessary to closely manage the execution of the Damage Compensation Direct Payment System budget and carry out item-specific monitoring. Although the program is scheduled to expire in 2026, it is necessary to establish post-termination measures to stabilize farm management and minimize the impact on domestic agricultural and fishery industries, considering the expected increase in agricultural and livestock product imports resulting from FTA implementation.
  - ― Average execution rate over the past 10 years (2015-2024): 37.0%, Average number of supported items: 3
- ○ (Sector-specific competitiveness enhancement) The Livestock Facility Modernization Project has shown consistently low annual actual execution rates (the average actual execution rate over the last three years: subsidies 58.3%, loans 53.0%); it is necessary to thoroughly review the potential reasons and manage projects systematically and rigorously.

- The Horticulture Facility Modernization Project has shown consistently poor actual execution performance with an average actual execution rate of 50.2% over the past three years. Therefore, it is necessary to strengthen the overall performance management system of the program by improving actual execution result and performance metrics.
- In the case of smart agriculture, the smart farm area per farm declined from 0.72 ha in 2017 to 0.47 ha in 2024. Therefore, it is necessary to develop multifaceted measures to enhance the adoption effect of smart farming by farmers through scaling and advancing smart farm technology, as well as providing systematic education and advisory support.

○ (Fundamental structural improvement) Regarding the promotion of eco-friendly agriculture, it is necessary to effectively manage the project by establishing incentive measures, such as expanding the scope of farms eligible for eco-friendly agriculture direct payment and facilitating continuous new adoption of organic livestock farming, and closely monitoring project implementation through the application of concrete performance targets.

- The certified eco-friendly farming area has decreased from 81,827 ha in 2020 to 68,165 ha in 2024, accounting for only 4.5% of the total arable land.

○ From the perspective of stabilizing farm management, agricultural disaster insurance needs to progressively expand its disaster prevention functions and strengthen the foundation for farm management by expanding the scope of insured agricultural products, and reviewing the appropriateness of premium rates and compensation criteria, and related provisions, focusing on items with low subscription rates.

❑ Analysis of Performance Management of the FTA Domestic

Support Measures

○ In the FTA Domestic Support Measures performance analysis, most projects were evaluated as ’satisfactory.’ However, many projects were evaluated as ’unsatisfactory’ in the overall self-assessment of fiscal projects. Therefore, improvement measures need to be considered.

  − Although most FTA Domestic Support Measures projects were evaluated as ‘satisfactory,’ 7 projects (41.2%) received an ‘unsatisfactory’ rating in the Ministry of Agriculture, Food and Rural Affairs‘ overall self-assessment of fiscal projects over the past three years.

○ The performance analysis of the FTA Domestic Support Measures lacks a systematic grading system, and due to conservative evaluation practices, feedback system for project implementation is insufficient. Therefore, it is necessary to propose concrete institutional improvement plans for unsatisfactory projects to strengthen feedback system.

○ Since the current performance analysis lacks a comprehensive, overarching evaluation encompassing all projects, it is necessary to include comprehensive assessment in future performance analysis reports.

○ The execution performance of the FTA Domestic Support Measures projects is currently managed based on each ministry’s fund disbursement output, which creates discrepancies from the actual execution performance at the final beneficiary level. Thus, it is necessary to revise the execution management to an actual execution-based system to strengthen project management.

  − Among the 2024 FTA Domestic Support Measures projects (25 projects), those with a difference of 20%p or more between the budgeted execution rate and actual execution rate: Smart Farm

ICT Convergence Expansion (22%), Promotion of Agricultural Products Distribution (46%)

- With most FTA Domestic Support Measures projects nearing expiration, the budget size and project scope have been reduced. However, from a medium- to long-term perspective, it is necessary to maintain FTA Domestic Support Measures projects to effectively respond to the rapidly changing trade environment and continuously monitor them through performance analysis.