

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Korea - Republic of

Livestock and Products Annual

Annual

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Report Highlights:

Domestic beef production fell in 2014 while imported beef increased to make up the shortfall. Higher prices for US beef were somewhat offset by preferential duty under the KORUS FTA, but overall beef consumption will not rise rapidly due to a number of domestic factors including a sluggish economy, decreased dining out, and diminished price gap between US and domestic beef price. However, imported beef is expected to increase in 2015 as domestic production continues to fall.

Pork imports are expected to increase in 2015 as domestic production falls. However, US suppliers will have to overcome price competition from the EU as the US supply is expected to be very tight due to the PED outbreak. Pork imports increased by 7.3 percent in the first half of 2014, but imports from the US dropped 1.9 percent during the same period.

Commodities:

Animal Numbers, Cattle

Production:

Total Korean beef cattle inventory continues to drop slowly but gradually as many farmers with small-sized operations, consisting mainly of breeding farms that could not afford high feed prices and coupled with the government plan to compensate farmers that stopped raising cattle. The total number of cattle farms dropped over 16 percent in one year from 136,898 farms in June 2013 to 114,128 farms in June 2014. However, due to increased calf prices that continued an upward trend since September 2013 and escalated since May 2014, farmers began to retain their cow herd for breeding purposes. The percentage of cow slaughter dropped from 52.8 percent in 2013 to 49.8 percent during the first seven months of 2014. This somewhat slowed the decline in inventory, but was not sufficient to change it to an upward trend. This trend was reflected in a survey conducted by the Korea Rural Economic Institute (KREI), where the indicator for farmers' intent to increase herd size continues negative up to June 2014. Another estimate by KREI shows the potential for herd size of calves under 1 year old in 2014 is more negative than that of 2013. Both of these projections are reflected in the number of Hanwoo cattle semen sales. Although semen sales have picked up slightly since April 2014 due to high calf prices, it is far less than the level in 2012 when cattle inventory was almost at its peak. KREI is also projecting that the cattle inventory will continue to gradually drop in 2014 until it reaches its bottom level in 2017.

The calf crop in 2015 will drop due to both lower cow inventory and the decrease in sales of semen for artificial insemination. Consequently, as total inventory drops, the 2015 slaughter numbers are projected to fall by over 7 percent. Year-end inventory for 2014 is projected to be slightly higher than Post's earlier estimate of 3.1 million head as farmers are expected to rebuild their inventory in 2014 due to higher live cattle prices. Another factor that will limit the increase in cattle inventory is some provincial governments are paying 550,000 won (about \$550) per head for cow sterilization through removal of the ovaries. Sterilized cows are being fed for beef purposes.

Korea: Farmers' Intention for Cattle Herd Size

Year	Month	Farmers' Plan		
		Maintain same level	Will Increase herd size	Will reduce herd size
2010	March	94.3	5.2	0.4
	June	95.4	3.9	0.3
	September	95.5	4.1	0.5
	December	90.9	8.7	0.4
2011	March	95.7	4.3	0.0
	June	94.8	3.5	1.7
	September	93.8	2.5	3.7
	December	95.5	1.6	2.8
2012	March	93.2	3.1	3.8
	June	96.1	2.2	1.7
	September	91.6	1.3	7.1
	December	93.5	2.1	4.4

2013	March	96.8	1.4	1.8
	June	95.2	1.1	3.7
	September	90.4	0.5	9.1
	December	94.5	1.0	4.5
2014	March	95.3	1.1	3.6
	June	92.7	2.2	5.1

Source: KREI

Hanwoo Semen Sales (Unit: 000 straws)

Month	2010	2011 1/	2012	2013	2014	Change 2/
Jan	146	0	105	102	121	118.6
Feb	131	0	113	98	108	110.2
Mar	145	282	169	133	129	97.0
Apr	248	211	175	150	151	100.7
May	154	249	179	166	159	95.8
Jun	216	276	217	184	188	102.2
Jul	271	256	238	216		
Aug	240	225	200	157		
Sep	223	197	156	162		
Oct	181	177	139	153		
Nov	144	137	113	125		
Dec	134	105	111	131		
Total	2,233	2,115	1,915	1,777		

Source: GS&J

Note:

1/ The jump in semen sales in March 2011 was due to a rush to inseminate cows after being banned from moving animal related products due to the FMD outbreak in Nov. 2010.

2/ The change is a comparison of 2014 sales over the same month in 2013.

Based on semen sales data, the Korea Rural Economic Institute (KREI) projected that the potential production of calves will continue to drop through December 2014 compared to the same period in 2013 (See table below). However, as calf prices continue to go up in 2014, some farmers are looking into the possibility of increasing their herd size. The semen sales data for the first 6 months of 2014 is 2.8 percent higher than the same period in 2013.

Korea: Trend in potential for herd size of calves under 1 year old

Year	Potentiality for calf production							
	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
2014	88.7	88.1	86.9	89.8	89.6	90.5	92.0	93.1

2013	100.0	101.9	102.8	99.4	99.5	98.1	98.5	98.2
Change (%)	-9.7	-11.9	-13.9	-8.0	-8.3	-6.0	-4.9	-3.4

Source: KREI

Monthly Cattle Slaughter Trend

Year	Month	Cow		Bulls/steers		Total	
		Heads	Percent of total	Heads	Percent of total	Sub-total	Percent of annual
2012	Jan	48,285	42.70	64,788	57.30	113,073	11.66
	Feb	27,740	43.64	35,823	56.36	63,563	6.55
	Mar	31,498	45.41	37,869	54.59	69,367	7.15
	Apr	32,712	47.49	36,165	52.51	68,877	7.10
	May	35,210	50.16	34,979	49.84	70,189	7.24
	Jun	34,938	52.00	32,249	48.00	67,187	6.93
	Jul	40,872	55.51	32,756	44.49	73,628	7.59
	Aug	42,520	53.18	37,439	46.82	79,959	8.24
	Sep	69,059	54.10	58,591	45.90	127,650	13.16
	Oct	39,929	55.16	32,453	44.84	72,382	7.46
	Nov	45,445	55.98	35,732	44.02	81,177	8.37
	Dec	45,566	54.97	37,322	45.03	82,888	8.55
	Total	493,774	50.91	476,166	49.09	969,940	100.00
2013	Jan	70,327	52.96	62,454	47.04	132,781	12.39
	Feb	40,453	58.49	28,713	41.51	69,166	6.46
	Mar	37,233	53.54	32,308	46.46	69,541	6.49
	Apr	44,242	53.49	38,476	46.51	82,718	7.72
	May	45,534	55.17	36,998	44.83	82,532	7.70
	Jun	37,098	53.16	32,693	46.84	69,791	6.51
	Jul	46,680	55.14	37,981	44.86	84,661	7.90
	Aug	51,245	51.31	48,638	48.69	99,883	9.32
	Sep	59,667	54.97	48,871	45.03	108,538	10.13
	Oct	44,282	49.54	45,103	50.46	89,385	8.34
	Nov	41,297	49.98	41,322	50.02	82,619	7.71
	Dec	47,063	47.20	52,649	52.80	99,712	9.31
	Total	565,121	52.75	506,206	47.25	1,071,327	100.00
2014	Jan	63,427	48.63	66,989	51.37	130,416	N/A
	Feb	29,989	48.73	31,558	51.27	61,547	N/A
	Mar	38,731	49.00	40,313	51.00	79,044	N/A
	Apr	44,280	49.71	44,794	50.29	89,074	N/A
	May	39,458	52.25	36,056	47.75	75,514	N/A
	Jun	36,640	51.58	34,400	48.42	71,040	N/A
	Total	252,525		254,116		506,635	

Source: Quarantine Inspection Agency

According to data released by the Korea Rural Economic Institute and the Korea Institute of Animal Products Quality Evaluation, about 37 percent of all cattle slaughtered in 2011 were sold at a loss by farmers. This percentage increased to 49 percent in 2012 as farmers sent lower quality cows for slaughter due to high feed prices and low cattle prices. This trend improved to 38 percent in 2013 as the ratio of steers increased. Farmers recognized the need to improve the quality of their beef cattle in order to avoid monetary losses.

Farm Income per Head of Beef Cattle (estimate based on 600 Kg. cattle)

Description			Carcass Grade				
			1++	1+	1	2	3
Income	Thousand won	2011	1,420	672	169	-830	-1,764
		2012 a/	1,339	683	108	-998	-1,941
		2013 a/	1,553	750	194	-676	-1,444
Ratio of carcass in each grade	Percent	2011	9.2	22.6	30.6	25.5	11.6
		2012	8.1	17.8	25.5	26.7	22.0
		2013	9.2	21.0	31.0	27.1	11.2

a/ Estimate

Source: KREI and Korea Institute of Animal Products Quality Evaluation

Korea: Live Hanwoo Beef Cattle Prices (Thousand won / head)

Month	Calf						Cow			Steer		
	Female			Male			2012	2013	2014	2012	2013	2014
	2012	2013	2014	2012	2013	2014						
Jan	935	787	1278	1354	1552	1968	3689	3533	4135	3155	4216	4228
Feb	1134	869	1584	1477	1588	1903	3924	3518	4233	3379	4121	4180
Mar	1176	707	1067	1601	1500	1828	3910	3492	4130	3460	3905	4091
Apr	1192	656	1236	1712	1660	2100	3723	3393	4112	3424	3680	4047
May	1157	852	1189	1832	1763	2472	3726	3203	4082	3408	3582	3932
Jun	1088	883	1269	1668	1707	2527	3655	3190	4186	3395	3539	4107
Jul	998	817	1526	1604	1643	2687	3406	3202	4430	3287	3508	4216
Aug	798	769		1510	1779		3243	3379		3455	3698	
Sep	847	935		1480	1995		3449	3529		3614	3853	
Oct	845	1022		1553	1807		3330	3772		3873	4190	
Nov	823	1189		1435	1874		3496	4116		4111	4407	
Dec	761	1212		1329	1879		3471	4151		4174	4378	

Source: National Agricultural Cooperative Federation

Exchange rate US\$1 = 1,033.70 (As of August 6, 2014)

Production, Supply and Demand Data Statistics:

Animal Numbers, Cattle Korea, Republic of	2013	2014	2015
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	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	3,479	3,479	3,342	3,342		3,194
Dairy Cows Beg. Stocks	299	299	304	304		305
Beef Cows Beg. Stocks	1,232	1,232	1,166	1,166		1,100
Production (Calf Crop)	944	944	875	922		910
Total Imports	0	0	0	0		0
Total Supply	4,423	4,423	4,217	4,264		4,104
Total Exports	0	0	0	0		0
Cow Slaughter	565	565	510	520		485
Calf Slaughter	0	0	0	0		0
Other Slaughter	506	506	527	540		495
Total Slaughter	1,071	1,071	1,037	1,060		980
Loss	10	10	10	10		10
Ending Inventories	3,342	3,342	3,170	3,194		3,114
Total Distribution	4,423	4,423	4,217	4,264		4,104
1000 HEAD, PERCENT						

Commodities:

Meat, Beef and Veal

Production:

As farmers continue to reduce calf production in 2014, and as some farmers try to retain their cows for breeding purposes due to increased calf prices, total slaughter is projected to continue its downward trend in 2015. As a result of the drop in slaughter numbers, total 2015 beef production is projected to decrease by 7.4 percent over the 2014 level. The number of cattle under 1 year old in June 2014 was 742,000 head, compared to 842,000 head in June 2013. The decrease in the number of cattle in this age group will result in lower herd size to be sent for slaughter in 2015.

Consumption:

As total slaughter began to drop in 2014 due to lower cattle inventory, domestic beef prices have increased. The average price for domestic Bulgogi cut during the first seven months of 2014 increased by 4.7 percent and 5.2 percent for Grade 1 and Grade 3 over the 2013 average price for the same cut. The increase in the price of Grade 3 is due to continued promotional activities by the producer group which lifted the price for this grade. The substitute demand for beef resulting from the HPAI outbreak in March 2014, and high pork prices caused by PED, also attributed to the increase in domestic

beef prices. However, despite the substitute demand caused by HPAI and PED and the producer organization's aggressive promotion of domestic beef consumption, higher prices and a stagnant economy will keep domestic consumption from rising rapidly for the remainder of 2014 and into 2015. The ferry accident that took over 294 lives in April 2014 has kept overall consumption of all consumer goods at a low level.

The gloomy atmosphere caused by the ferry accident and a sluggish economy kept U.S. beef consumption from increasing in 2014 as people are not dining out as often where the bulk of U.S. beef is consumed. Over 60 percent of U.S. beef is consumed in hotel, restaurant and institutional use. Another factor that has kept U.S. beef consumption low is that the price advantage of U.S. beef over Korean beef has diminished as U.S. beef prices continued to increase in 2014 whereas local beef prices remained stable due to oversupply. Consumption of imported beef is projected to increase in 2015 as domestic production drops further in 2015.

As can be seen from the table below comparing beef prices among competing products, U.S. beef prices were squeezed by both lower domestic prices and a greater price gap with other imported beef in addition to domestic pork. In fact, the price of lower quality Hanwoo beef (Grade 3) was lower than U.S. chilled beef prices. Such low domestic beef prices are more appealing to consumers than imported beef as consumers generally prefer domestic beef if the price is affordable.

Comparison of Average Retail Price for Bulgogi Cut Beef and Korean Pork (Won per 100 gram)

Origin	Quality	2012	2013	Jan-Jul, 2014	Change in price		Price ratio over U.S. chilled beef		
					2013 over 2012	2014 over 2013	2012	2013	Jan-Jul, 2014
Korean Hanwoo	Grade 1	3169	3109	3255	0.98	1.05	1.54	1.33	1.24
	Grade 3	2126	2154	2267	1.01	1.05	1.03	0.92	0.86
U.S. Beef	Chilled	2063	2334	2623	1.13	1.12	1.00	1.00	1.00
	Frozen	1392	1487	1540	1.07	1.04	0.67	0.64	0.59
Australian Beef	Chilled	1831	1903	2040	1.04	1.07	0.89	0.82	0.78
	Frozen	1192	1249	1289	1.05	1.03	0.58	0.52	0.49
Korean Pork		1678	1609	1895	0.96	1.18	0.81	0.69	0.72

Source: National Agricultural Cooperative Federation
Exchange rate US\$1 = 1,033.70 (As of August 6, 2014)

Retail Prices for Beef Short Ribs (2010 – 2013)							
Unit: Won per 500 gram							
Year	Month	Domestic Hanwoo (chilled)		U.S. A.		Australia	
		#1 Grade	#3 Grade	Chilled	Frozen	Chilled	Frozen
2012	January	22,200	12,000	11,900	8,270	10,695	7,185
	February	20,065	12,060	11,335	8,570	9,355	7,205

	March	20,165	12,000	10,905	8,480	9,205	7,195	
	April	20,125	12,000	11,695	8,455	8,775	7,150	
	May	20,460	12,000	11,610	8,420	8,125	7,150	
	June	20,570	12,000	12,365	8,485	8,785	7,195	
	July	20,630	12,000	13,700	8,510	8,585	7,150	
	August	20,930	12,000	13,670	8,480	8,435	7,150	
	September	21,175	12,000	13,900	8,680	9,480	7,150	
	October	20,855	12,000	13,900	8,675	9,555	7,150	
	November	20,910	12,000	13,900	8,805	8,740	7,150	
	December	20,930	12,000	13,900	8,795	8,800	7,150	
	2013	January	21,225	12,000	13,900	8,800	9,250	7,240
		February	20,945	12,000	13,900	8,935	11,040	7,465
March		20,745	12,000	-	9,050	9,575	7,565	
April		20,270	12,000	-	9,355	9,555	7,665	
May		20,580	12,000	-	9,455	9,095	7,590	
June		20,385	12,000	-	9,555	9,145	7,600	
July		20,570	12,000	-	9,980	9,845	7,695	
August		20,730	12,000	-	10,085	9,640	7,870	
September		21,225	12,000	-	10,625	10,825	8,040	
October		20,805	12,430	-	11,065	10,630	8,300	
November		21,650	13,500	-	11,300	10,240	8,215	
December		21,610	13,500	-	11,495	10,180	8,270	
2014	January	22,345	13,500	-	11,700	11,740	8,595	
	February	22,355	13,500	-	11,690	12,765	8,795	
	March	22,785	13,500	-	11,835	12,025	8,815	
	April	22,350	13,500	-	11,270	10,725	8,700	
	May	22,015	13,500	-	11,240	11,145	8,695	
	June	21,995	13,500	-	11,300	11,565	8,690	
	July	21,970	13,500	-	11,300	11,955	8,670	

Source: National Agricultural Cooperative Federation
Exchange rate US\$1 = 1,033.70 (As of August 6, 2014)

Trade:

As domestic beef production dropped in 2014, beef imports increased to make up for the shortage in supply. The higher prices for U.S. beef were offset to some extent by the lower preferential duty from KORUS FTA. U.S. beef is subject to a 32 percent duty compared with a 40 percent duty for beef coming from major competitors. Australia signed a Free Trade Agreement with Korea on February 10, 2014. However, it still has to undergo legal review and ratification by the National Assembly before it goes into effect. As the FTA with Australia calls for a 15 year phase out for beef import duties, the United States will continue to benefit from the lower duty until it comes down to zero. Canada and

Korea also reached an agreement on an FTA between the two countries on March 11, 2014. This FTA also calls for a 15 year phase out in beef import duty and has to undergo similar legal processes as the FTA with Australia before becoming effective.

The ban by Russia on U.S. agricultural exports will have little impact on the Korean market due to the following reasons: 1) Beef was not being exported to Russian because of ractopamine, and 2) There were two pork plants that were shipping minimal amount of pork to Russia under the “Ractopamine free program.” However, the amount is minimal to have any impact on Korea.

Korea: Beef Imports (Thousand dollars and metric tons)

Country	Annual 2012		Annual 2013		Jan. – Jun., 2014	
	Value	Volume	Value	Volume	Value	Volume
Australia	676,040	137,948	758,386	147,198	396,971	74,720
United States	471,734	95,082	529,351	92,158	330,862	50,531
New Zealand	100,095	27,541	96,010	25,343	52,822	11,644
Mexico	7,315	2,476	669	232	182	77
Canada	6,111	1,371	9,748	2,147	3,747	759
Others	350	109	2,566	660	1,868	459
Total	1,261,645	264,527	1,396,730	267,738	786,452	138,190

Source: KITA

Product equivalent basis. Includes HS 0201 (fresh/chilled), HS 0202 (frozen), HS 021020 and 160250 (processed beef products)

Comparison of Results between Korea-Australia FTA and KORUS FTA

Commodity		Korea – Australia FTA	KORUS FTA
Beef	Content of agreement	Duty phased out in 15 years plus Agricultural Safeguard (Phase out begins after implementation of the FTA)	Duty phased out in 15 years plus Agricultural Safeguard (Already in 3 rd year of phase out)
	Base duty	40 percent	40 percent
	Applied duty in 2014	37.4% (If implemented in 2014), or 40% if implemented in 2015.	32%

Production, Supply and Demand Data Statistics:

Meat, Beef and Veal Korea, Republic of	2013		2014		2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	1,071	1,071	1,037	1,060		980
Beginning Stocks	78	78	80	80		80
Production	344	344	335	340		315

Total Imports	375	375	360	385		405
Total Supply	797	797	775	805		800
Total Exports	4	4	5	5		5
Human Dom. Consumption	713	713	715	720		730
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	713	713	715	720		730
Ending Stocks	80	80	55	80		65
Total Distribution	797	797	775	805		800
1000 HEAD, 1000 MT CWE, PERCENT, PEOPLE, KG						

Commodities:

Animal Numbers, Swine

Production:

Efforts by Korean swine producers to reduce sow numbers in 2013 were only in effect the second half of 2013. However, coupled with lower piglet production caused by PED, the reduction of sow numbers began to have an impact on the carcass prices since the beginning of 2014. Swine carcass prices have continued to rise from 3,629 won/kg in January 2014 to 6,173 won/kg in June 2014 (equivalent to about \$3.51 and \$5.97). Prices dropped slightly in July as processed meat producers reduced their production and allowed some of their carcass inventory to be sold in the wholesale market.

The impact from higher carcass prices in increasing the herd size in 2014 will be minimal. A KREI survey, conducted in June 2014 on the intention of farmers to gradually increase their herd size in 2014, shows that it will increase by less than 1 percent by the end of 2014. The more accurate factor that shows the change in the inventory is compound feed sales for piglets under 20 kilograms. Compound feed sales for piglets under 20 kilograms (new born and weaner), which is an indicator for the slaughter number 5 months afterwards, dropped 3.7 percent during the first 6 months of 2014 compared to the same period in 2013. Also, PED is projected to reduce inventory by 5-8 percent over the 2013 level during the second half of 2014. According to KREI, PED broke out in 26.8 percent of the sample farms and reoccurred in 41.2 percent of the farms where they had a previous case. The following is the PED outbreak trend in sample swine farms. The 2015 piglet production numbers reflect the loss due to PED.

Unit: Percent

	2013	2014					
	Dec	Jan	Feb	Mar	Apr	May	Jun
Ratio of farms which had PED	2.4	5.5	10.2	6.3	7.9	3.9	1.6
Death rate	1.2	6.1	7.0	2.0	3.5	2.8	0.5

Source: KREI

Another factor that may have a major impact on swine production in Korea is the recent finding of an FMD positive case in a swine farm located in North Kyung-sang province on July 23, 2014. A second suspected case of FMD was reported on August 6 in South Kyung-sang province. Depending on whether Korea can contain the disease from spreading or not will be a major variable in the outlook for 2014 and 2015 swine inventory. As there has only been one confirmed positive case, the impact from FMD is not reflected in the PS&D.

The decrease in the number of swine farms will also be a factor in lowering the total inventory in 2015. The number of swine farms dropped from 6,067 in June 2013 to 5,315 in June 2014. The farms that could not overcome the financial burden of meeting the stricter environmental standards and high feed prices have gone out of business.

Number of sows and swine by age (Thousand heads)

Year	Month	Sow 1/	Number of swine by age				
			Under 2 month	2-4 month	4-6 month	6-8 month	Over 8 month
2010	Dec	976	2966	3020	2875	108	911
2011	Mar	732	2149	2079	2034	85	688
	Jun	793	2272	2217	2003	115	724
	Sep	835	2416	2340	2155	117	756
	Dec	903	2586	2457	2188	119	821
2012	Mar	950	2772	2698	2376	144	862
	Jun	969	2921	2940	2537	144	890
	Sep	962	3075	3077	2770	118	897
	Dec	962	3073	3076	2749	113	904
2013	Mar	973	3089	3109	2882	112	914
	Jun	952	3116	3161	2904	98	902
	Sep	897	3078	3196	2972	88	854
	Dec	895	2940	3130	2900	99	844
2014	Mar	910	2921	3000	2805	112	859
	Jun	925	2934	2980	2789	113	864

Source: Korea Statistic Administration

1/ Swine over eight months are sows and part of the swine that are 6-8 months old are sows.

2/ The sow numbers are based on the first day of each month and do not match with PS&D sow numbers, which are based on Dec. 31.

The following table reflects the intention of farmers to gradually increase their herd size in 2014.

	June	September	December
Sow	100.0	100.7	100.7
Total herd	100.0	101.7	100.1

Source: KREI

Monthly Swine Slaughter

Year	Month	Slaughter number (heads)			Average live weight (kg.)		
		Total	Gilt/Sows	Boar	Total	Gilt/Sows	Boar
2012	Jan	956,653	514,248	442,405	115	115	114
	Feb	1,099,850	588,754	511,096	116	116	115
	Mar	1,181,805	634,032	547,773	115	115	114
	Apr	1,043,265	559,953	483,312	115	116	114
	May	1,146,640	614,438	532,202	116	117	114
	Jun	1,049,726	561,717	488,009	115	117	113
	Jul	1,097,039	587,361	509,678	114	116	113
	Aug	1,164,073	619,160	544,913	113	114	111
	Sep	1,187,715	629,937	557,778	114	115	112
	Oct	1,403,146	737,273	665,873	115	116	114
	Nov	1,441,383	760,246	681,137	115	116	114
	Dec	1,268,394	674,475	593,919	114	115	113
	Total	14,039,689	7,481,594	6,558,095	115	116	113
2013	Jan	1,484,824	787,283	697,541	115	115	114
	Feb	1,255,499	665,199	590,300	114	115	113
	Mar	1,370,818	722,826	647,992	114	115	114
	Apr	1,605,656	727,386	878,270	114	115	113
	May	1,340,713	708,506	632,207	114	116	113
	Jun	1,132,980	599,761	533,219	113	115	112
	Jul	1,259,886	665,878	594,008	112	114	111
	Aug	1,242,801	668,091	574,710	112	114	110
	Sep	1,212,485	648,494	563,991	112	114	111
	Oct	1,570,333	832,306	738,027	114	115	113
	Nov	1,463,834	739,722	724,112	114	115	113
	Dec	1,419,339	704,042	715,297	114	115	113
	Total	16,359,168	8,469,494	7,889,674	114	115	113
2014	Jan	1,414,842	699,807	715,035	114	115	113
	Feb	1,337,191	660,793	676,398	115	116	113
	Mar	1,322,833	655,912	666,921	115	116	113
	Apr	1,380,395	686,169	694,226	114	116	113
	May	1,252,662	622,815	629,847	114	116	113
	Jun	1,133,590	563,502	570,088	114	116	112
	Total	7,841,513	3,888,998	3,952,515			

Source: NACF

Swine Carcass Prices

Month	2009	2010	2011	2012	2013	2014
	Won per kilogram					
January	4487	3859	6342	4725	3032	3629

February	4225	3920	6372	4451	3044	3994
March	5031	3989	6565	4401	3061	4959
April	4955	4325	5786	4309	3778	4991
May	4245	4272	7200	4873	3857	5301
June	4531	4647	7675	4971	4679	6173
July	4826	4663	6572	4600	4369	5524
August	4967	4802	6322	4356	4577	
September	4475	4535	5384	3561	4228	
October	3672	3817	4495	2992	3272	
November	4021	3963	5619	3814	4110	
December	4128	4344	6336	3485	4078	

Source: NACF

Production, Supply and Demand Data Statistics:

Animal Numbers, Swine Korea, Republic of	2013		2014		2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks	9,916	9,916	9,912	9,912		9,175
Sow Beginning Stocks	962	962	895	895		890
Production (Pig Crop)	16,953	16,953	15,500	15,500		15,400
Total Imports	2	2	2	2		2
Total Supply	26,871	26,871	25,414	25,414		24,577

Total Exports	0	0	0	0		0
Sow Slaughter	0	0	0	0		0
Other Slaughter	16,359	16,359	15,288	15,449		15,000
Total Slaughter	16,359	16,359	15,288	15,449		15,000
Loss	600	600	950	790		700
Ending Inventories	9,912	9,912	9,176	9,175		8,877
Total Distribution	26,871	26,871	25,414	25,414		24,577
1000 HEAD, PERCENT						

Commodities:

Meat, Swine

Production:

As total inventory dropped due to PED and lower sow numbers in 2014, the number of slaughtered swine declined, and as a result, overall pork production dropped. This trend is projected to continue into 2015 as PED continues to lower piglet numbers. The decline in total slaughter in 2015 will mitigate somewhat as swine farms begin to rebuild herd size by increasing sow numbers, but it will not be enough to stem the downward trend in total slaughter numbers. Also, dependent upon whether or not FMD spreads will be a variable in determining the total slaughter number for the second half of 2014 and 2015.

Consumption:

Pork consumption in 2014 is projected to drop slightly, due to 1) high pork prices; 2) poor economy; 3) dining out less often due to nationwide mourning over the ferry accident that cast a cloud over the whole nation for over 3 months and; 4) lower price competitiveness compared to imported beef prices. The average domestic pork price that was 69 percent of the average price for imported chilled U.S. beef in 2013 has increased to 72 percent of average imported chilled U.S. beef price during the first 7 months of 2014. Lower substitute demand coming from the fishery products that was caused by the Japanese nuclear accident is also a contributing factor.

As can be seen from the following consumption pattern, the amount of single rib bellies, which traditionally has been the most favorite and most expensive cut, is gradually dropping. Even the consumption of pork ribs, collar butts, and loin that have been increasing over the past couple of years, have all dropped due to the reasons outlined above.

Average household pork consumption amount per 4 weeks

Unit: Kilogram

	2009	2010	2011	2012	2013	June 2014
Single ribbed belly	1.41	1.47	1.47	1.43	1.42	1.37
Pork ribs	2.02	2.05	2.03	2.13	2.30	2.16
Collar butt	1.18	1.21	1.10	1.09	1.15	1.12
Picnic / ham	2.46	2.44	2.17	2.33	2.38	2.37
Loin / tenderloin	1.51	1.44	1.23	1.28	1.43	1.35
Average	2.08	2.16	1.97	2.03	2.12	2.04

Source: Kantar World panel Korea/ KREI

Trade:

Pork imports are projected to increase in 2015 as domestic pork production drops. However, the United States will have to overcome price competitiveness with EU suppliers as U.S. pork supply is expected to be very tight this year as a result of the PED outbreak in the United States. This can be seen from the fact that although total pork imports increased by 7.3 percent to 172,625 MT during the first half of 2014 compared to the same period in 2013, imports of U.S. pork dropped 1.9 percent to 63,608 MT during the same comparison period.

Korea: Pork Imports

Unit: Thousand dollars and Metric Tons

Country	Annual 2012		Annual 2013		Jan – Jun., 2014	
	Value	Volume	Value	Volume	Value	Volume
United States	364944	122567	289880	103899	194555	63608
Canada	132222	58551	72839	39676	35114	16976
Chile	124600	37054	101751	30367	44068	12618
Austria	51088	13783	37999	10632	26676	7480
France	47866	12266	29796	7262	19505	4653
Netherlands	59806	14607	37133	9191	16361	3926
Spain	57448	26314	42267	18446	34898	12414
Belgium	38670	10232	28815	8213	17060	4763
Germany	133157	35742	112928	32338	83304	25556
Denmark	36662	14557	29394	11564	11450	4712

Hungary	15816	4840	8691	3216	7404	2763
Poland	47136	17183	28480	9818	15025	4782
Mexico	27661	8992	19651	7067	14471	4278
Others	19864	9062	15319	6908	10072	4096
Total	1156940	385750	854943	298597	529963	172625

Source: KITA

Product Weight Equivalent basis

Includes: HS 020311, 020312, 020319 (fresh/chilled), HS 020321, 020322, 020329 (frozen), 021011, 021012, 021019, 160241, 160242, and 160249 (processed pork products)

Production, Supply and Demand Data Statistics:

Meat, Swine Korea, Republic of	2013		2014		2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	16,359	16,359	15,288	15,449		15,000
Beginning Stocks	90	90	100	100		89
Production	1,252	1,252	1,170	1,182		1,148
Total Imports	388	388	425	420		465
Total Supply	1,730	1,730	1,695	1,702		1,702

Total Exports	2	2	3	2		2
Human Dom. Consumption	1,628	1,628	1,612	1,611		1,620
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	1,628	1,628	1,612	1,611		1,620
Ending Stocks	100	100	80	89		80
Total Distribution	1,730	1,730	1,695	1,702		1,702

1000 HEAD, 1000 MT CWE, PERCENT, PEOPLE, KG