

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:**

Korea's cattle and hog herds will continue to grow next year, driving beef and pork production. Beef imports will remain robust to meet growing demand but the strong pace of pork imports, driven by lower than expected international pork prices, will weaken, as freezers are near capacity. U.S. beef and pork will continue to do well, both at retail and, especially for pork, with processors.

**Commodities:**

Animal Numbers, Cattle  
Select

**Production:**

Calf production numbers for 2017 have been revised to reflect increased calf production coming from increased cow inventory, which went up from 1,355,000 head at the beginning of 2017 to 1,380,000 head a year later. High cattle prices in 2016 induced farmers to increase their herd size in 2017, resulting in higher calf production. It can be seen from Table 1: Farmers Intentions that when calf prices are high, farmers respond by increasing their herd sizes. A good example is in June of 2016, when calf prices peaked from January 2016 prices and the percent of farmers intending to increase their herd size also increased, to 5.2 percent. Although there are other factors affecting farmer's decisions on herd expansion, this correlation is notable. Feed production for breeding cows and bred cows increased 8.2 percent and 6.0 percent, respectively, during the first seven months of 2018 over the previous year levels.

High cattle prices during the second half of 2017 and into the first half of 2018 will result in farmers continuing to increase herd size in 2018 and will influence increased calf production into 2019. The increased supply of domestic beef, as a result of increased cattle numbers, along with increased imported beef, has begun to lower retail beef prices in 2018. Although this will slow down the increase in herd size, it will not be until 2020 or later before the overall herd size begins to decline, given the time it takes to market the calves that are inseminated (10 month pregnancy period and over 30 months of feeding the cattle before being slaughtered). This time lag will cause total calf production and total cattle inventory to continue to increase into 2019.

**Table 1: Korean Farmers' Intention for Cattle Herd Size**

Year	Month	Farmers' Plan		
		Maintain same level	Will Increase herd size	Will reduce herd size
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
	September	92.1	1.3	6.6
	December	92.1	1.5	6.4
2015	March	95.8	1.2	3.0
	June	97.4	0.3	2.3
	September	97.0	1.5	1.5
	December	98.3	0.3	1.3
2016	March	96.5	1.5	2.0
	June	92.3	5.2	2.5
	September	94.6	3.5	1.9
	December	96.5	2.5	1.0
2017	March	94.6	3.4	2.0
	June	97.0	2.2	0.8
	September	98.6	1.4	0.0
	December	98.1	1.5	0.5
2018	March	98.6	1.4	0.0
	June	97.1	2.8	0.1

Source: KREI

**Table 2: Hanwoo Semen Sales (Unit: 1,000 straws)**

Month	2014	2015	2016	2017	2018	Change (Percent) 1/
Jan	121	120	123	141	134	-5.0
Feb	108	115	99	47	119	153.2
Mar	129	136	149	176	166	-5.7
Apr	151	148	145	158	55	-65.2
May	159	138	141	160	237	48.1
Jun	188	222	204	211	233	10.4
Jul	206	229	199	229	223	-2.6
Aug	197	162	181	170		
Sep	190	202	167	214		
Oct	163	162	156	180		
Nov	152	153	134	148		
Dec	145	140	137	122		
<b>Total</b>	<b>1,909</b>	<b>1,927</b>	<b>1,835</b>	<b>1,956</b>	<b>1,167</b>	<b>4.6 2/</b>

Source: GS&J and KREI

Note: 1/ The change is a comparison of 2018 sales over the same month in 2017.

2/ Cumulative Jan.- July, 2018 data over the same period in 2017

3/ The low semen sales in Feb., 2016, Feb., 2017 and Apr., 2018 were due to low sales caused by the outbreak of FMD.

**Table 3: Monthly Cattle Slaughter Trend**

Year	Month	Cow		Bulls/steers		Total	
		Head	Percent of total	Head	Percent of total	Sub-total	Percent of annual
2016	Jan	55,137	46.4	63,641	53.6	118,778	13.8
	Feb	26,317	53.3	23,046	46.7	49,363	5.7
	Mar	33,887	51.0	32,503	49.0	66,390	7.7
	Apr	34,406	51.8	31,980	48.2	66,386	7.7
	May	33,947	52.9	30,228	47.1	64,175	7.4
	Jun	32,134	52.9	28,641	47.1	60,775	7.1
	Jul	30,267	53.0	26,888	47.0	57,155	6.6
	Aug	44,764	49.0	46,519	51.0	91,283	10.6
	Sep	37,026	51.9	34,252	48.1	71,278	8.3
	Oct	31,374	46.4	36,206	53.6	67,580	7.8
	Nov	30,998	46.5	35,635	53.5	66,633	7.7
	Dec	36,129	44.2	45,562	55.8	81,691	9.5
	<b>Total</b>	<b>426,638</b>	<b>49.5</b>	<b>435,101</b>	<b>50.5</b>	<b>861,487</b>	<b>100.00</b>
2017	Jan	45,257	43.9	57,946	56.1	103,203	11.8
	Feb	22,137	43.4	28,819	56.6	50,956	5.8
	Mar	30,878	47.0	34,794	53.0	65,672	7.5
	Apr	33,938	47.5	37,489	52.5	71,427	8.2
	May	31,097	48.1	33,493	51.9	64,590	7.4
	Jun	30,405	48.3	32,482	51.7	62,887	7.2
	Jul	30,483	49.4	31,224	50.6	61,707	7.1
	Aug	36,606	47.1	41,117	52.9	77,723	8.9
	Sep	55,394	47.5	61,200	52.5	116,594	13.3
	Oct	24,123	43.9	30,773	56.1	54,896	6.3
	Nov	31,127	44.2	39,227	55.8	70,354	8.1
	Dec	33,216	45.2	40,258	54.8	73,474	8.4
	<b>Total</b>	<b>404,661</b>	<b>46.3</b>	<b>468,822</b>	<b>53.7</b>	<b>873,483</b>	<b>100.0</b>
2018	Jan	45,429	42.4	61,777	57.6	107,206	21.7
	Feb	30,020	45.0	36,772	55.0	66,792	13.5
	Mar	26,613	46.0	31,248	54.0	57,861	11.7
	Apr	32,132	46.0	37,788	54.0	69,920	14.2
	May	32,467	47.7	35,604	52.3	68,071	13.8
	Jun	28,381	47.8	30,960	52.2	59,341	12.0
	Jul	31,488	49.1	32,667	50.1	64,155	13.0
	<b>Total</b>	<b>226,530</b>	<b>45.9</b>	<b>266,816</b>	<b>54.1</b>	<b>493,346</b>	<b>100.0</b>

Source: Quarantine Inspection Agency

**Table 4: 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
		2014 a/	1,906	1,247	776	102	-466
		2015 a/	2,221	1,640	1,197	466	-162
		2016 a/	2,260	1,489	1,037	145	-711
		2017 a/	1,622	675	194	-1,662	-3,300
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
		2014	9.5	22.8	32.7	25.2	9.5
		2015	10.0	26.4	31.4	24.0	8.0
		2016 b/	10.2	36.1	26.9	20.2	6.3
		2017 b/	10.9	32.4	29.4	19.6	7.4

a/ Estimate

b/ Percentage for December 2016 and 2017.

Source: KREI and Korea Institute of Animal Products Quality Evaluation

**Table 5: Live Hanwoo Beef Cattle Prices (Thousand won / head)**

Month	Calf						Cow			Steer		
	Female			Male			2016	2017	2018	2016	2017	2018
	2016	2017	2018	2016	2017	2018						
Jan	2611	2114	2563	3106	2681	3105	5775	5341	5599	5741	4995	4696
Feb	2676	2390	2292	3198	2578	3206	5769	5456	5546	5559	5018	4675
Mar	2364	2348	2577	3281	3160	3233	5839	5475	5729	5642	4997	4640
Apr	2603	2587	2712	3561	3444	3129	5859	5342	5720	5808	4690	4517
May	2812	2821	2836	3735	3708	3361	5915	5293	5655	5623	4561	4711
Jun	2930	2480	2903	3907	3739	3502	5972	5330	5608	5653	4504	4712
Jul	2923	2445	2791	4008	3601	3278	5996	5271	5551	5715	4582	4814
Aug	2811	2409		3691	3445		5862	5438		5707	4610	
Sep	2779	3116		3727	3563		5777	5378		5577	4721	
Oct	2642	2715		3475	3589		5839	5537		5723	4604	
Nov	2196	2675		2913	3424		5522	5574		5522	4915	
Dec	2387	2799		3046	3296		5580	5581		5650	4899	

Source: National Agricultural Cooperative Federation

Exchange rate US\$1 = 1,117.5 won (As of August 31, 2018)

## PS&D

Animal Numbers, Cattle Market Begin Year Korea, Republic of	2017			2018			2019		
	Jan 2017			Jan 2018			Jan 2019		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Total Cattle Beg. Stks	3381	3121	3381	3406	3093	3429	0	0	3488
Dairy Cows Beg. Stocks	327	291	327	321	290	319	0	0	315
Beef Cows Beg. Stocks	1355	1107	1355	1379	1170	1380	0	0	1385
Production (Calf Crop)	909	852	932	950	900	955	0	0	980
Total Imports	0	0	0	0	0	0	0	0	0
Total Supply	4290	3973	4313	4356	3993	4384	0	0	4468
Total Exports	0	0	0	0	0	0	0	0	0
Cow Slaughter	404	403	404	393	410	399	0	0	407
Calf Slaughter	0	0	0	0	0	0	0	0	0
Other Slaughter	469	467	469	462	470	487	0	0	496
Total Slaughter	873	870	873	855	880	886	0	0	903
Loss	11	10	11	10	10	10	0	0	11
Ending Inventories	3406	3093	3429	3491	3103	3488	0	0	3554
Total Distribution	4290	3973	4313	4356	3993	4384	0	0	4468

## Beef Production

Farmers continued retaining cows to increase their herd size in 2018. The ratio of cow slaughter continued to drop from 49.5 percent in 2016 to 46.3 percent in 2017 and further to 45.9 percent during the first seven months of 2018. As a result, cow stock numbers continued to increase during this period. However, the increase in the total inventory number outpaced the drop in cow slaughter and has allowed the total slaughter number to increase further, allowing for continued increase in domestic beef production. Cattle aged over two years has ceased dropping after reaching 1.17 million head in March 2018 and has now recovered to 1.33 million head in June, 2018. As these cattle come into the market for slaughter, 2018 production is expected to increase slightly. These trends are expected to continue in 2019.

Korea's anti-graft law [the anti-graft law has been explained in detail in previous Meat and Livestock Annual and Semi-Annual reports over the last two years] was revised on December 11, 2017, to help farmers sell more gift packages during the holiday season. The government raised the ceiling for gifts that contain more than 50 percent agricultural products from 50,000 won to 100,000 won. This ceiling increase will allow more consumers to purchase Hanwoo (native Korean) beef gift packages. The revision helped increase average heifer prices from 2.56 million won/head in 2017 to 2.67 million won/head in 2018. Cow prices also increased from 5.41 million won/head to 5.63 million won/head during the same period. In contrast, prices of young male calves and steers have dropped, as a higher number of steers were slaughtered during the first seven months of 2018. Total slaughter numbers during the first seven months of 2018 increased 2.7 percent over the same period in 2017. Breaking down the total, steer slaughter numbers increased by 4.1 percent while cow slaughter only increased 1.0 percent.

## Consumption

Increased production of domestic Hanwoo beef, coupled with increased beef imports will enable consumption to continue to go up in 2018 and into 2019. Imported U.S. beef will maintain the largest share of the import market in 2018 as U.S. beef prices continue to be competitive, thanks to the abundant cattle supply in the United States. As both domestic Hanwoo beef and imported beef prices continue to drop in 2018 over the 2017 levels, consumers will be able to purchase more meat for the same price. Hanwoo beef is still 2.65 times higher than U.S. frozen beef. Meanwhile, the price difference between Australian frozen beef compared to U.S. frozen beef has narrowed to 92 percent versus 89 percent in 2017. Korean chilled pork belly prices were 16 percent higher than U.S. frozen beef prices. Given that Koreans prefer beef over pork for the same price, U.S. beef will continue to enjoy the price gap against Korean pork prices. A good example of Korean consumers' preference for beef over pork can be seen from promotional sales on home shopping channels. Home shopping channels that sell various Home Meal Replacement (HMR) products, tend to sell more beef products than pork dishes. An indication of the preference for beef is that consumers are willing to pay slightly higher prices for beef over pork products. One HMR producer explained that they can sell more beef dishes at 80,000 won per boxes compared to pork dishes that are priced at 60,000 won per box. He explained that this is because consumers tend to be willing to spend 20,000 won for 8-10 beef serving dishes over the same amount of pork dishes.

In addition to the price competitiveness of U.S. beef, increasingly favorable consumer perceptions of U.S. beef also contribute to growing demand for U.S. beef. As can be seen from the Table 6: Experience in Purchasing U.S. Beef, the ratio of consumers that have purchased U.S. beef continues to go up, reflecting consumers' growing confidence in U.S. beef.

The recent BSE case in Florida has had little impact on the consumption of U.S. beef in Korea.

**Table 6: Experience in Purchasing U.S. Beef (Percent)**

Year	Have experience in purchasing U.S. Beef	Do not have experience in purchasing U.S. Beef
2013	51.6	48.4
2014	52.2	47.8
2015	50.1	49.9
2016	64.8	35.2
2017	65.9	34.1

Source: KREI

**Table 7: Comparison of Average Retail Price for Bulgogi Cut Beef and Korean Pork (Won per 100 gram)**

Origin	Quality	2016	2017	2018 1/	Change in price		Price ratio over U.S. chilled beef		
					2017 over 2016	2018 over 2017	2016	2017	2018 1/
Korean Hanwoo	Grade 1	4575	4622	4410	1.01	0.95	2.59	2.70	2.65
	Grade 3	3092	3160	N/A	1.02	N/A	1.75	1.85	N/A
U.S. Beef	Chilled	2500	2217	N/A	0.89	N/A	1.42	1.29	N/A
	Frozen	1765	1712	1662	0.97	0.97	1.00	1.00	1.00
Australian Beef	Chilled	2218	1962	1843	0.88	0.94	1.26	1.15	1.11
	Frozen	1500	1520	1522	1.01	1.00	0.85	0.89	0.92
Korean Chilled Pork Belly		1974	2095	1936	1.06	0.92	1.12	1.22	1.16

Source: KAMIS

1/ January – August, 2018

Exchange rate US\$1 = 1,117.5 won (As of August 31, 2018)

**Table 8: Retail Prices for Beef Short Ribs (2016 – 2018)**

Unit: Won per 100 gram

Year	Month	Domestic Hanwoo (chilled)		U.S. A.		Australia	
		#1 Grade	#3 Grade	Chilled	Frozen	Chilled	Frozen
2016	January	4,991	-	1,518	2,251	2,308	1,800
	February	5,091	-	2,389	2,249	2,448	1,800
	March	4,974	-	1,786	2,249	2,309	1,800
	April	4,957	-	2,003	2,249	1,965	1,797
	May	4,930	-	1,795	2,249	2,220	1,796
	June	4,976	-	1,918	2,257	2,257	1,823
	July	4,988	-	1,781	2,264	2,137	1,850
	August	5,016	-	1,701	2,265	2,174	1,850
	September	5,007	-	2,269	2,237	2,289	1,881
	October	5,053	-	2,028	2,251	2,287	1,898
	November	5,100	-	2,249	2,266	2,248	1,867
	December	5,063	-	2,114	2,264	2,145	1,878
2017	January	5,167	-	1,769	2,269	2,374	1,901
	February	5,034	-	2,187	2,290	2,413	1,918
	March	5,151	-	2,384	2,305	2,144	1,950
	April	5,202	-	2,299	2,313	2,361	1,999
	May	5,053	-	2,265	2,313	2,105	1,979
	June	5,144	-	2,291	2,338	2,144	2,014
	July	5,182	-	2,046	2,353	1,907	1,986
	August	5,056	-	2,326	2,361	2,038	1,986
	September	5,256	-	2,292	2,369	2,096	2,006
	October	5,020	-	2,358	2,379	2,325	2,002
	November	4,977	-	2,224	2,386	2,175	2,004
	December	4,988	-	1,740	2,398	2,098	1,995
2018	January	5,181	-	2,100	2,407	2,177	1,972
	February	5,211	-	1,800	2,445	2,144	1,961
	March	5,262	-	1,729	2,443	2,331	1,956
	April	5,243	-	2,157	2,451	2,283	2,036
	May	5,239	-	1,715	2,454	2,229	2,082
	June	5,069	-	-	2,456	2,211	2,085
	July	5,087	-	-	2,401	2,222	1,956
	August	5,170	-	-	2,384	2,270	1,981

Source: KAMIS

Exchange rate US\$1 = 1,117.5 won (As of August 31, 2018)

## Trade

The U.S. became the largest supplier of imported beef in 2017 and continues to be so in 2018. This is largely due to the meat industry's effort to increase consumers' confidence level in U.S. beef in conjunction with competitive U.S. product pricing, coupled with a shortage of Australian beef supplies. The small increase in domestic beef production is expected to provide an opportunity for increased beef imports in 2018, because the increase in domestic beef production will not be sufficient to cover the increase in demand. Also, the increased price competitiveness of U.S. beef, coupled with lower duties coming from the KORUS Free Trade Agreement, will further enhance the competitiveness of U.S. beef in 2018. As price is a major driver of the decision to purchase imported beef instead of domestic beef, U.S. beef exports are projected to increase nearly 18 percent in 2018.

Australian beef imports are subject to the Agricultural Safeguard (ASG) level of 167,327 MT in 2018, a level that is being approached again, as total imports from Australia for the first seven months in 2018 reached 110,138 MT. It is projected that they will again reach the safeguard level sometime in November this year as they did in 2017 and beef imports beyond this quantity will be subject to a 40 percent duty.

**Table 9: Korea: Beef Imports** (Thousand dollars and metric tons)

Country	Annual 2016		Annual 2017		Jan. – Jul., 2018	
	Value	Volume	Value	Volume	Value	Volume
United States	967,020	156,077	1,177,257	177,445	876,607	122,073
Australia	997,673	179,904	957,885	172,803	621,037	110,138
New Zealand	91,488	22,535	84,585	18,810	55,655	12,038
Canada	21,244	4,485	24,364	5,174	10,928	2,170
Uruguay	10,641	2,134	11,753	2,559	3,573	730
Mexico	2,295	623	7,126	1,932	8,228	2,026
Chile	3,319	828	2,469	604	1,427	341
Others	226	58	273	88	201	47
Total	2,093,906	366,644	2,265,712	379,415	1,577,656	249,563

Source: GTA

Product equivalent basis

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

**Table 10: Comparison of Beef Import Duties Among Free Trade Agreements**

Commodity		KORUS FTA	Korea – Australia FTA	Korea – Canada FTA
Beef	Content of Free Trade Agreement	Duty phased out in 15 years plus Agricultural Safeguard (Already in 7 <sup>th</sup> year of phase out)	Duty phased out in 15 years plus Agricultural Safeguard (Already in 5 <sup>th</sup> year of phase out)	Duty phased out in 15 years plus Agricultural Safeguard (In its 4 <sup>th</sup> year of phase out)
	Base duty	40%	40%	40%
	Applicable duty in 2017	24.0%	29.3%	32.0%
	Applicable duty in 2018	21.3%	26.6%	29.3%

## PS&D

Meat, Beef and Veal Market Begin Year Korea, Republic of	2017			2018			2019		
	Jan 2017			Jan 2018			Jan 2019		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Slaughter (Reference)	873	870	873	855	880	886	0	0	903
Beginning Stocks	13	13	13	7	25	7	0	0	11
Production	281	280	281	275	283	285	0	0	290
Total Imports	531	550	531	559	560	555	0	0	560
Total Supply	825	843	825	841	868	847	0	0	861
Total Exports	1	5	1	1	5	1	0	0	1
Human Dom. Consumpt	817	813	817	830	843	835	0	0	845
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumption	817	813	817	830	843	835	0	0	845
Ending Stocks	7	25	7	10	20	11	0	0	15
Total Distribution	825	843	825	841	868	847	0	0	861

## Swine Production

The Korean government changed the basis for estimating swine inventory as of March 2018. The Korea Statistics Service began to include swine that was being raised on corporate farms, which account for 6-7 percent of total swine inventory. Up to now, they had only surveyed swine that was being raised on privately-owned farms. They will also use the number of swine farms registered under the traceability system for future surveys. Unlike the cattle registration system under the traceability system, swine registration is based on a pen basis and therefore, the Korea Statistics Service will still continue to conduct physical survey of the farms. However, this change still increased swine inventory statistics by an average of 725,000 head. It also increased the number of sows by an average of 55,000 head. Post's PS&D for swine, starting with 2017, is now based on the new official inventory numbers.

Sow number continued to increase in 2018 as farmers continued to increase the herd size to capture high pork prices. Although the average wholesale price during the first seven months of 2018 dropped by 10

percent compared to the 2017 average price, it was still over 4,000 won/kg. (reported to be the breakeven point for Korean producers), inducing farmers to continue to increase their herd size.

Higher beginning stocks and higher sow numbers will result in higher piglet production in 2019. If Korea can maintain better control over porcine epidemic diarrhea (PED) in 2019, the piglet loss should come down. Increased swine inventory will cause the slaughter numbers to go up in 2019, resulting in higher competition against imported pork.

Korea had two cases of foot-and-mouth disease (FMD) in April 2018 but it was restricted to one region and did not spread throughout the nation as it had in the past. Therefore the impact from FMD was limited to a brief period during which Korea stopped the movement of livestock to prevent the FMD from spreading. The swine industry had a total of 125 cases of PED during the first half of 2018, compared to 77 cases for all of 2017. Increase PED and the extreme heat wave that lasted over a month in 2018 increased the rate of piglet loss. So far, the spread of African Swine Fever (ASF) in China has not been reached Korea. There was one case of a tourist that reported carrying dumplings from China that had been infected with ASF but which was contained at the port of entry.

Although swine production suffered from lower weight gains as a result of this summer’s heatwave, reduced production did not have a major impact on pork wholesale prices. This was because demand for pork was also restrained, as people did not go out for picnics and barbeques in the record hot weather during much of July and the first half of August. As the heat wave diminished and as schools are now open after summer vacation, demand for fresh pork is expected to rebound.

**Table 11: Number of Porcine Disease Outbreak Cases**

Disease	2011	2012	2013	2014	2015	2016	2017	2018.6
	Number of Cases							
PED	5	1	12	169	94	82	77	125
PRRS	44	47	69	47	44	40	20	8

Source: [www.kahis.go.kr](http://www.kahis.go.kr)

**Table 12: Number of Sows and Swine by Age (Thousand head)**

Year	Month	Sow 1/	Number of swine by age				
			Under 2 month	2-4 month	4-6 month	6-8 month	Over 8 month
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
	Sep	925	3011	3102	2876	115	861
	Dec	937	3043	3108	2949	120	869
2015	Mar	940	3094	2992	2898	110	877
	Jun	948	3116	3085	2827	111	879
	Sep	943	3155	3191	2993	118	876
	Dec	958	3110	3128	2957	105	886
2016	Mar	968	3210	3183	2922	105	896
	Jun	981	3238	3124	2980	108	905
	Sep	984	3313	3238	3100	104	914
	Dec	974	3216	3099	3041	109	901
2017	Mar	1045	3422	3284	3215	120	963
	Jun	1062	3473	3391	3222	135	966
	Sep	1052	3534	3508	3365	118	969
	Dec	1058	3438	3362	3374	124	974
2018	Mar	1058	3488	3279	3302	113	974
	Jun	1069	3545	3411	3252	116	981

Source: Korea Statistic Administration

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

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

3/ The Korea Statistic Administration changed the data basis from sampling basis to traceability numbers from April 2018 and swine numbers have been updated based on traceability numbers from the March 2017 data.

**Table 13: Monthly Swine Slaughter**

Year	Month	Slaughter number (heads)		
		Total	Gilt/Sows	Boars
2016	Jan	1,411,936	709,898	702,038
	Feb	1,299,040	656,112	642,928
	Mar	1,510,625	763,038	747,587
	Apr	1,353,123	687,036	666,087
	May	1,350,794	688,440	662,354
	Jun	1,246,641	637,255	609,386
	Jul	1,219,703	624,704	594,999
	Aug	1,288,178	663,228	624,950
	Sep	1,310,488	667,176	643,312
	Oct	1,456,715	739,418	717,297
	Nov	1,570,371	793,119	777,252
	Dec	1,528,139	775,497	752,642
	<b>Total</b>	<b>16,545,753</b>	<b>8,404,921</b>	<b>8,140,832</b>
2017	Jan	1,371,397	662,551	708,846
	Feb	1,392,944	677,071	715,873
	Mar	1,508,216	728,723	779,493
	Apr	1,344,793	646,629	698,164
	May	1,369,589	663,190	706,399
	Jun	1,303,829	633,238	670,591
	Jul	1,165,254	567,688	597,566
	Aug	1,336,378	645,334	691,044
	Sep	1,567,964	747,909	820,055
	Oct	1,309,810	629,713	680,097
	Nov	1,602,937	782,337	820,600
	Dec	1,454,771	710,141	744,630
	<b>Total</b>	<b>16,727,882</b>	<b>8,094,524</b>	<b>8,633,358</b>
2018	Jan	1,600,818	776,285	824,533
	Feb	1,358,197	658,318	699,879
	Mar	1,467,841	710,139	757,702
	Apr	1,465,140	696,957	768,183
	May	1,443,726	677,326	766,400
	Jun	1,300,789	607,232	693,557
	<b>Total</b>	<b>8,636,511</b>	<b>4,126,257</b>	<b>4,510,254</b>

Source: APQA

**Table 14: Pork Wholesale Prices**

Month	Year	2013	2014	2015	2016	2017	2018
		Won per kilogram					
January		3003	3462	4590	4396	4582	3853
February		2881	3903	4717	3920	4536	4114
March		2812	4653	4657	4246	4710	4063
April		3512	4692	5044	4461	5153	4439
May		3549	4902	5845	4969	5222	4635
June		4374	5771	5623	5437	5751	5192
July		3891	5064	5664	4881	5528	5120
August		4166	5150	5472	4829	5643	
September		3929	4936	4840	4970	5421	
October		3270	4755	4313	4415	4281	
November		3934	5415	4745	4540	4507	
December		3868	4890	4361	4335	4345	

Source: KMTA

Exchange rate US\$1 = 1,117.5 won (As of August 31, 2018)

**PS&D**

Animal Numbers, Swine	2017			2018			2019			
	Jan 2017			Jan 2018			Jan 2019			
	Market Begin Year	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Korea, Republic of										
Total Beginning Stocks	10367	10366	11487	10514	10600	11273	0	0	11800	
Sow Beginning Stocks	974	974	1030	1000	998	1058	0	0	1079	
Production (Pig Crop)	18550	18801	18191	19355	19200	20478	0	0	20880	
Total Imports	5	3	3	5	3	5	0	0	5	
Total Supply	28922	29170	29681	29874	29803	31756	0	0	32685	
Total Exports	0	0	0	0	0	0	0	0	0	
Sow Slaughter	0	0	0	0	0	0	0	0	0	
Other Slaughter	16728	16880	16728	17275	17200	17956	0	0	18500	
Total Slaughter	16728	16880	16728	17275	17200	17956	0	0	18500	
Loss	1680	1690	1680	1724	1726	2000	0	0	1900	
Ending Inventories	10514	10600	11273	10875	10877	11800	0	0	12285	
Total Distribution	28922	29170	29681	29874	29803	31756	0	0	32685	

## **Pork Production**

As total swine inventory continues to rise in 2018 and into 2019, total swine slaughter is projected to increase throughout 2018. Pork production is projected to increase further in 2019, due to increased swine inventory in 2018 that will carry over into 2019. Cumulative swine feed production during the first seven month of 2018 was 4.5 percent higher than the same period in 2017.

## **Consumption**

The increased supply of domestic pork will enhance the price competitiveness of Korean pork compared to Hanwoo beef and other proteins in 2018. The price ratio of domestic chilled pork bellies against U.S. frozen beef dropped from 1.22 to 1.16, meaning that domestic pork has become more competitive against U.S. frozen beef but is still 16 percent higher. As domestic pork production increases, the price is expected to drop further for the remainder of 2018 and into 2019.

The consumption of pork dropped slightly in August due to record high temperatures that kept consumers from going outdoors to enjoy barbecues. However, as the weather returns to normal and as the school lunch program resumes after summer vacation, pork consumption is expected to pick up again.

The number of single person households in Korea continues to increase. This has increased the demand for Home Meal Replacement (HMR) dishes. TV dinner-style lunch boxes have become increasingly popular among these single person households as an HMR. However, as beef is not a price competitive ingredient for HMR, the use of pork, especially processed pork, has increased in this market.

Korean consumers' prefer domestic pork over imported pork, due to concerns over the safety of imported pork, such as the 2017 case of E Hepatitis in imported pork from Germany and Netherlands. According to a consumer survey conducted by the Korea Rural Economic Institute, the factors affecting consumers' purchases of pork products were the cuts (single rib pork bellies, collar butt, ribs) followed by country of origin, price, and quality (freshness). However, consumers are getting more familiar with imported pork as well, as can be seen by the steady imports of retail cuts, such as single rib pork bellies, collar butt, and ribs. A new popular pork item in the retail market is the Spanish black hog meat, called iberico. This seems to be due to the taste similarity to Korea's black hog meat produced on Jeju Island, which enjoys name recognition and a higher price.

## Trade

Pork imports soared in 2018, despite increased domestic production. As can be seen from the following table, the increased imports mainly came from cuts used for processed meat products. The price of cuts like picnics and hams that are used for producing processed meat products dropped significantly during the first half of 2018. Meat processors stock up inventory for up to one year, procuring meat when it is low priced. This pattern was in effect the first half of this year as domestic meat processors stocked up their warehouses as the average import price of frozen hams and picnics dropping from \$4,373/MT in 2017 to \$3,869/MT during the first seven months of 2018. Trade policy considerations and regional disease concerns could have also been front-loading imports.

**Table 15: Import Price per MT of Frozen Hams, Shoulder and Cuts thereof, with bone-in (HS 0203.22)**

Month	2017	2018
	U.S. dollars per metric ton	
January	4,260	3,808
February 1/	13,316	4,381
March	4,549	4,350
April	4,229	3,482
May 1/	17,881	3,294
June	4,799	3,609
July	4,202	4,158
August	4,393	
September 1/	1,550	
October 1/	2,946	
November	4,327	
December	4,225	
Average (excluding the months marked with 1/)	4,373	3,869

1/ There were small sample sized imports in these months and therefore the average price is not commercially valid.

Source: GTA

The following table shows where the highest increase in pork imports came from. Tenderloin and loins are used for producing pork cutlets and sweet and sour pork. Picnic and ham is for producing processed meat products, and collar butt, single rib belly, and ribs are used for household sales. As can be seen from the table, the lion's share of the increase (76 percent of the total increase) came from increases in picnic and ham imports. In fact, import of cuts (collar butt, single rib belly and ribs) used for retail sales actually dropped in 2018 over the same period in 2017, except for a slight increase in chilled single rib belly. Given that meat processors have stocked up inventory, it is projected that the demand coming from this segment will drop in 2019, causing an overall drop in pork imports.

**Table 16: Pork Imports by Cuts (January - July) Unit: MT and percent**

	Cut	2017	2018	Change (%)
Chilled	Tenderloin	-	15	N/A
	Loin	33	788	2,287.9
	Collar butt	3,534,535	3,507,363	-0.8
	Picnic	39,947	129,556	224.3
	Single rib belly	6,939,950	8,018,192	15.5
	Rib	-	14	N/A
Frozen	Tenderloin	4,750	4,193	-11.7
	Loin	1,240,748	4,697,089	278.6
	Collar butt	18,855,833	24,656,968	30.8
	Picnic	87,574,097	124,984,205	42.7
	Ham	673,242	3,036,259	351.0
	Single rib belly	91,311,054	90,749,576	-0.6
	Rib	2,703,078	5,442,651	101.4
	Other	786,336	715,968	-8.9
TOTAL		213,663,603	265,942,837	24.5

Source: Ministry of Food and Drug Safety (The above data is based on inspection conducted for imported pork.)

**Table 17: Price competitiveness of U.S. Pork against EU Pork**

Category	Country	Unit	2017	2018	2022	2027
Exchange rate		Won / US dollar	1,139	1,104	1,171	1,173
Import duty	U.S.A.	Percent	0.0	0.0	0.0	0.0
	EU		9.1	6.8	0.0	0.0
	Other 1/		14.4	10.5	6.6	6.6
Import price	U.S.A.	U.S. dollar / Kg.	2.74	2.52	2.51	2.61
	EU		3.28	3.41	3.66	4.05
	Other 1/		2.70	2.79	2.98	3.30
Wholesale price	U.S.A.	Won / Kg.	3,600	3,208	3,401	3,542
	EU		4,693	4,635	4,953	5,486
	Other 1/		4,037	3,918	4,289	4,750

1/ Average of all other FTAs, other than KORUS and Korea-EU FTA.

Source: KREI

**Table 18: Korea: Pork Imports**

Unit: Thousand dollars and Metric Tons

Country	Annual 2016		Annual 2017		Jan. – Jul., 2018	
	Value	Volume	Value	Volume	Value	Volume
United States	377,478	141,273	430,925	157,087	356,904	124,595
Germany	245,127	86,813	380,223	110,451	210,891	67,396
Spain	174,432	71,655	178,065	60,936	133,942	42,634
Chile	116,197	32,979	115,196	27,410	76,738	18,077
Canada	81,311	35,237	96,666	35,090	71,902	23,673
Netherlands	53,674	17,097	83,809	22,243	55,258	16,466
Austria	57,936	18,122	65,284	17,058	33,023	9,365
Mexico	48,382	13,762	57,044	15,340	29,167	8,113
Denmark	45,958	18,384	47,002	17,228	32,978	11,816
Belgium	38,430	12,617	36,807	9,626	26,665	7,372
France	28,102	7,480	31,149	7,285	20,256	4,718
Hungary	15,647	4,466	17,508	4,358	10,307	2,812
Others	28,194	13,306	30,935	12,330	22,974	8,690
Total	1,310,868	473,191	1,570,613	496,442	1,081,005	345,727

Source: GTA

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)

**PS&D**

Meat, Swine	2017			2018			2019		
	Jan 2017			Jan 2018			Jan 2019		
Market Begin Year	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Korea, Republic of									
Slaughter (Reference)	16728	16880	16728	17275	17200	17956	0	0	18500
Beginning Stocks	103	103	103	100	110	100	0	0	251
Production	1280	1307	1280	1321	1332	1373	0	0	1415
Total Imports	645	680	645	645	655	740	0	0	680
Total Supply	2028	2090	2028	2066	2097	2213	0	0	2346
Total Exports	2	2	2	2	2	2	0	0	2
Human Dom. Consumpt	1926	1978	1926	1959	1990	1960	0	0	2000
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumption	1926	1978	1926	1959	1990	1960	0	0	2000
Ending Stocks	100	110	100	105	105	251	0	0	344
Total Distribution	2028	2090	2028	2066	2097	2213	0	0	2346