

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:**

Higher live cattle prices will encourage increased beef production in 2010. In contrast, swine production is projected to contract next year due to higher feed and manure management costs. Meanwhile, imports of both beef and pork are forecast to increase as the local economy and Korean won continue to strengthen. U.S. beef imports are targeted to grow to 100,000 tons next year. "Data included in this report is not official USDA data. Official USDA data is available at <http://www.fas.usda.gov/psdonlineonline>".

## Commodities:

### Animal Numbers, Cattle

## Production:

Korean cattle farmers were concerned last year that the return of U.S. beef would cut into their profits as live cattle prices weakened. However, farmers' initial anxiety has waned somewhat as live cattle prices have strengthened in recent months. In fact, the price of Hanwoo calves this past July has climbed back to the same levels not seen since early 2008, which was several months before the resumption of U.S. beef was announced. The strong calve prices are forecast to push Hanwoo cow and steer prices higher in the coming months, which will encourage increased production in 2010. The 2010 calf crop is forecast at 1.1 million head, which will raise ending cattle inventories to a record 3.2 million.

Korea: Live Hanwoo Cattle Prices (000 won/head)

Month	Hanwoo calf		Hanwoo cow	Hanwoo steer
	Female	Male		
2008.1	1,968	2,064	4,976	4,788
2008.2	1,970	2,128	4,952	4,678
2008.3	1,941	2,064	4,916	4,313
2008.4	1,815	1,897	4,682	3,913
2008.5	1,659	1,738	4,445	3,666
2008.6	1,670	1,743	4,301	3,569
2008.7	1,538	1,615	4,076	3,457
2008.8	1,341	1,458	4,055	3,442
2008.9	1,391	1,513	4,170	3,562
2008.10	1,402	1,537	4,440	3,721
2008.11	1,394	1,532	4,638	3,772
2008.12	1,350	1,463	4,569	3,649
2009.1	1,370	1,514	4,602	3,659
2009.2	1,482	1,618	4,584	3,694
2009.3	1,509	1,669	4,597	3,699
2009.4	1,629	1,852	4,670	3,688
2009.5	1,718	1,989	4,698	3,702
2009.6	1,869	2,121	4,751	3,808
2009.7	1,930	2,176	4,831	3,949

There are a several early indicators confirming this rising trend in production. The first indicator is the rate of artificial insemination. Farmers' rising confidence in the Hanwoo market is reflected in the higher rate of artificial insemination, which has increased 4 percent in the first seven months of this year (Jan-Jul) compared to the same period last year. The insemination rate has really picked up since March. The rate of insemination from Mar– Jul has climbed by more than 6 percent over the same period in 2008.

A second indicator of higher production in 2010 is a recent survey conducted by the Korea Rural Economic Institute (KREI). According to the survey results, there are more farmers that plan to increase their herd size this September compared to June of this year. In addition, KREI has publicly warned farmers against increasing their herd size

since rising cattle prices are unsustainable. In particular, KREI stressed that rising domestic production coupled with higher imports could lead to a future oversupply of beef, which would depress live cattle prices.

KREI Survey Results of Hanwoo Famer’s Production Plans

	June 2009	September 2009
Don’t have intention to change initial plan	92.8%	91.7%
Plan to increase the number over initial plan	5.5%	7.6%
Plan to reduce the number over initial plan	1.7%	0.7%

Source: KREI

The third indicator signaling higher production next year is the stabilization and perhaps a temporary softening of the local compound feed prices. Domestic prices are reportedly just now being adjusted downward from last year’s record highs resulting from the spike in international grain prices. Although compound feed prices are beginning to move downward, prices are expected to stabilize fairly quickly, according to local industry sources.

As a result of the strong feed prices over the past several years, cattle producers are increasingly mixing their own feed on the farm to minimize costs. The government has also stepped-in to provide support as will be explained under the domestic support section. Some producers are even experimenting with fermented feed, which supposedly improves digestibility and reduces the smell of the manure. Through such practice, these farmers are able to cut down on feed prices and also produce high quality beef, which means higher profits.

As an aside, the use of antibiotics in compound feed is gradually being reduced because of fear over antibiotic resistance in human. The use of seven different compounds was discontinued this year, bringing the total number of approved antibiotics to just eighteen. The number of approved antibiotics will be reduced to nine by 2011. Of note, Korea will continue to allow antibiotics to be used through other methods, such as injection.

The National Statistics Administration recently conducted a price survey to gauge the relationship between live animal and beef prices in 2008. The survey revealed that beef cattle farmers earned 645,000 won per head in 2008, compared to nearly 1,500,000 won per head in 2007. The reason behind this decline in earnings was depressed live steer prices, which had plummeted nearly 25 percent from the previous year combined with record high feed prices.

Nevertheless, the average retail price of top grade Hanwoo beef loin dropped less than 2 percent to 31,871 won per 500 grams. (Please refer to the retail price table in the pork section of this report for the relevant price series.) The larger drop in live cattle prices compared to retail beef prices is mainly due to the farmer's lack of bargaining power. Middlemen use this as a negotiating tool to keep prices down.

*Domestic Support*

In December 2008, the Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF) introduced a support program to improve the quality of local beef to enhance its future competitiveness against imported beef. The 2009 plan is to use incentive payments to increase production of Grade 1 or higher beef to at least 60 percent by 2012, up from 54 percent in 2008.

The government will provide an incentive payment of 200,000 won (about \$173) per head of Hanwoo steers that are 1++ grade or Dairy steers that are 1+ grade or higher. Farmers that produce Hanwoo steers that are 1+ grade or dairy steers that are 1 grade will receive an incentive payment of 100,000 won (about \$87) per head. The government’s target for this program is 20,000 head for 1++ grade and 50,000 head for 1+ grade. The total amount budgeted for this program in 2009 is 9,835 million won (about \$7.9 million). This program is a temporary program that will only be implemented for 2009 as it was intended to calm down the anxiety of livestock farmers over KORUS FTA. However, MIFAFF is expected to abolish this program at the end of 2009.

As part of this quality improvement program, the government will also spend an estimated \$5.36 million dollars in 2009 to support programs intended for improving domestic cattle genetics. The table below shows the trend towards higher graded cattle production.

#### Quality Grade Trends

Quality Grade	2007 Average	2008 Average	Jan-Jul 2009 Average
1++	7.5	7.5	7.0
1+	18.4	19.5	19.1
1	25.0	27.0	27.2
2	24.5	25.2	26.0
3	23.5	19.9	19.8

Lastly, the government plans to spend \$113 million in 2009 to expand domestic roughage production in order to help farmers cope with the relatively high compound feed prices. This program will provide support for silage production and transportation. This program will also provide support for securing farmland to produce roughage as well as the purchase of seeds.

#### Production, Supply and Demand Data Statistics:

Animal Numbers, Cattle of Korea, Republic	2008			2009			2010		
	2008			2009			2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official Data	Old Post	Data	USDA Official Data	Old Post	Data	USDA Official Data	Jan	Data
Total Cattle Beg. Stks	2,654	2,654	2,654	2,876	2,876	2,876			3,049
Dairy Cows Beg. Stocks	258	258	258	251	251	251			250
Beef Cows Beg. Stocks	821	821	821	882	882	882			890
Production (Calf Crop)	996	996	996	920	920	1,058			1,065
Intra-EU Imports	0	0	0	0	0	0			0
Other Imports	0	0	0	0	0	0			0
Total Imports	0	0	0	0	0	0			0
Total Supply	3,650	3,650	3,650	3,796	3,796	3,934			4,114
Intra EU Exports	0	0	0	0	0	0			0
Other Exports	0	0	0	0	0	0			0
Total Exports	0	0	0	0	0	0			0
Cow Slaughter	353	353	353	400	400	400			420
Calf Slaughter	0	0	0	0	0	0			0
Other Slaughter	416	416	416	465	465	480			500
Total Slaughter	769	769	769	865	865	880			920
Loss	5	5	5	5	5	5			5
Ending Inventories	2,876	2,876	2,876	2,926	2,926	3,049			3,189
Total Distribution	3,650	3,650	3,650	3,796	3,796	3,934			4,114
CY Imp. from U.S.	0	0	0	0	0	0			0

CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0
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**Commodities:**

Meat, Beef and Veal

**Consumption:**

In 2010, consumption is projected to increase 7 percent to 563,000 tons as the economy gradually strengthens and local beef production increases. The rising consumption of domestic beef will put downward pressure on imports. The consumption of beef, both domestic and imported, is largely divided into three segments: retail (25%), restaurant (65%), and food processing (10%).

Consumers have cut back on eating out because of the economic situation. Given that the bulk of beef consumption takes place in restaurants, this has led to reduced beef consumption this year. According to a report put out by one local department store, its restaurant sales had dropped 5 percent from November 2008 to February 2009. Sales volumes in food courts, which provide cheaper menus, dropped even further, down 6 percent during this period.

Despite high prices, Hanwoo consumption continues to rise as the butcher-shop style restaurants are offering low priced Hanwoo dishes. These types of restaurants have been very successful in attracting consumers since they can provide Hanwoo beef at a lower cost because of a tax exemption. Under the Korean tax code, beef sold at butcher shops is exempt from a 10 percent value added tax. Patrons pay a minimal entrance fee (about \$3 per person) to enter the butcher-shop restaurant. After purchasing the beef, the customer takes it to the co-located restaurant to cook.

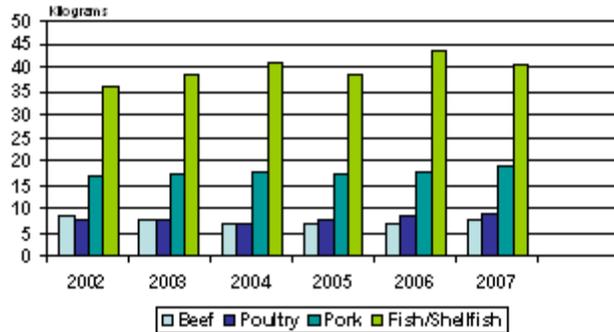
Although the retail market does not account for the major share of both domestic and imported beef consumption, it does reflect consumers' preferences. In general, Korean consumers prefer grain feed beef because of its high amount of marbling.

Historically, the HRI sector accounted for 75-80 percent of beef sales prior to 2003. However, since the market re-opened last year, some establishments have remained reluctant to serve U.S. beef and currently only account for about 65 percent of U.S. beef sales in Korea. The restaurant country-of-origin labeling regulation is reportedly constraining sales since some owners' fear that they might lose customers if they serve U.S. beef.

Retail sales now account for 25 percent of U.S. beef sales in Korea. Although U.S. beef has been selling in major retail outlets, sales have been slow because of the availability of cheaper Aussie beef combined with some consumers' lingering negative image of U.S. beef. According to a recent survey, one third of the consumers replied that they would purchase U.S. beef, whereas one third replied that they would never purchase U.S. beef. The remaining one third replied that they would wait and see, or what is referred to as the 'grey area'. Tapping this grey area will be an important market segment for the future sales of U.S. beef.

## Per Capita Meat Consumption

(Data for fish/shell fish is not available)



## Retail prices (2008 – 2009)

Unit: Won per 500 gram

Month	Hanwoo beef Loin (Top grade)	Australian Beef Loin (Chilled)	Australian Beef Loin (Frozen)	Domestic Pork
Jan., 2008	32,407	18,150	6,600	6,868
Feb., 2008	31,881	19,532	6,649	6,813
Mar., 2008	31,897	18,776	6,258	6,641
Apr., 2008	31,737	18,702	5,885	7,368
May, 2008	29,968	18,776	6,100	8,458
Jun., 2008	29,482	18,989	6,152	9,747
Jul., 2008	29,669	20,152	6,267	9,483
Aug., 2008	31,716	20,887	6,267	9,699
Sep., 2008	32,007	21,745	6,267	9,514
Oct., 2008	32,184	22,897	6,267	8,896
Nov., 2008	31,822	23,884	6,295	8,644
Dec., 2008	31,871	23,972	6,300	8,651
Jan., 2009	32,614	22,106	6,300	8,533
Feb., 2009	32,109	20,484	6,263	8,503
Mar., 2009	32,434	20,345	6,167	9,041
Apr., 2009	31,732	20,233	6,167	10,064
May, 2009	33,354	19,735	6,167	8,991
Jun., 2009	33,754	14,960	6,167	9,146
Jul., 2009	34,497	17,781	6,167	9,461

Source: National Agricultural Cooperative Federation (Exchange rate: US\$1 = 1,248.5 won)

## Comparison of Imported Beef Prices Against Pork and Chicken Prices

Year	Month	Imported Beef (Australian Beef)						Domestic	
		Chilled			Frozen			Pork <sup>2</sup>	Chicken <sup>3</sup>
		Short rib	Rib eye	Bulgogi <sup>1</sup>	Short rib	Rib eye	Bulgogi <sup>1</sup>		
2007	Jan.	25,492	40,724	13,918	21,066	12,350	9,834	14,786	3,750

	Feb.	27,386	40,052	13,848	21,962	12,350	9,926	14,620	3,843
	Mar.	25,556	39,244	13,644	22,570	12,350	10,162	13,784	3,815
	Apr.	23,722	40,122	12,916	21,918	12,092	10,148	13,794	3,825
	May	23,454	39,062	12,044	19,530	12,166	9,404	13,632	3,691
	Jun.	22,956	41,452	12,446	17,666	12,166	9,246	14,914	3,514
	Jul.	21,316	39,856	12,762	17,050	11,802	9,210	15,118	3,670
	Aug.	19,390	40,038	12,708	15,600	10,954	8,886	14,962	3,452
	Sep.	20,562	41,700	13,426	16,534	11,000	9,348	14,666	3,526
	Oct.	20,616	41,916	14,402	16,900	11,000	9,866	14,366	3,427
	Nov.	19,834	38,744	14,634	16,234	11,092	9,768	13,178	3,302
	Dec.	20,232	37,406	14,054	17,786	11,530	9,954	13,296	3,617
	2008	Jan.	22,758	36,300	14,300	18,774	13,200	9,750	13,736
Feb.		24,394	39,064	14,508	19,432	13,298	10,266	13,626	3,982
Mar.		22,424	37,552	13,658	20,030	12,516	10,524	13,282	4,256
Apr.		21,098	37,404	13,260	20,126	11,770	10,714	14,736	4,322
May		19,954	37,552	13,934	19,102	12,200	10,678	16,916	3,620
Jun.		21,212	37,978	14,070	19,280	12,304	10,702	19,494	3,665
Jul.		20,466	40,304	14,760	19,500	12,534	10,966	18,966	4,275
Aug.		21,888	41,774	15,228	19,576	12,534	11,392	19,398	5,016
Sep.		24,996	43,490	16,698	18,924	12,534	11,158	19,028	4,614
Oct.		22,196	45,794	16,550	18,364	12,534	10,500	17,792	4,448
Nov.		21,372	47,768	16,980	17,708	12,590	10,500	17,288	4,526
Dec.		21,894	47,944	16,316	17,626	12,600	10,500	17,302	4,618
2009	Jan.	24,034	44,212	16,248	17,508	12,600	10,500	17,066	5,061
	Feb.	22,558	40,968	15,916	17,028	12,526	10,500	17,006	5,181
	Mar.	20,862	40,690	15,088	16,726	12,334	10,500	18,082	5,269
	Apr.	18,570	40,466	14,618	16,388	12,334	10,500	20,128	5,145
	May	17,422	39,470	13,292	15,272	12,334	10,500	17,982	5,547
	Jun.	18,794	29,920	13,936	16,082	12,334	10,500	18,292	5,501
	Jul.	19,154	35,562	13,842	16,172	12,334	10,500	18,922	5,636
	Aug.	19,680	36,388	13,606	15,934	12,334	10,500	19,726	5,754

Source: Agro and Fisheries Trading Corporation

Notes:

1. The cuts mostly used for this dish is chuck roll and chuck eye-roll
2. These are prices for pork bellies, which is the most popular pork cut in Korea.
3. Ready-to-cook basis
4. Won per kilogram (US\$1=1,248 won)

### Trade:

The recent strengthening of the Korean won and the gradual economic recovery is expected to mitigate the downward trend in beef imports in 2010. The Korean won has appreciated against the U.S. dollar 16 percent since March 2009, and seems to have settled around 1,200 won = \$USD. This is a significant turnaround from the previous year when the won lost more than 55 percent against the dollar during the period January, 2008 to March 2009, as the local currency slipped to 1,462 won = \$1USD.

In 2010, beef imports are forecast to remain relatively steady at 260,000 tons. While the size of the pie remains largely unchanged, the share of U.S. beef is expected to grow to almost 40 percent, up from 25 percent the previous year. Imports of U.S. beef are forecast at 100,000 tons in 2010.

U.S. beef imports during 2009 are not expected to expand as quickly as was originally projected, but are still on target to grow 55 percent over the previous year. The lower than expected sales are attributed to several factors. First, Australian beef is cheaper because of a more favorable exchange rate. Second, the prolonged economic recovery and weakened won earlier in the year have made credit harder to obtain thereby slowing imports. Third, ample inventories of U.S. beef remaining in cold storage will limit imports of U.S. beef.

The U.S. beef industry is working tirelessly to win back younger consumers as well as those ‘gray area’ consumers that are still reluctant to purchase U.S. beef. The U.S. Meat Export Federation’s (USMEF) local office is conducting various marketing events and activities highlighting the quality and safety of U.S. beef. More time, money and effort will be required in the coming years build confidence in this particular market segment.

**Korea: Beef Imports** (\$000 and Metric Tons)

Country	Annual 2008		Jan-Jul 2008		Jan-Jul 2009	
	Value	Volume	Value	Volume	Value	Volume
Australia	611,381	136,265	386,080	119,603	224,418	70,502
New Zealand	140,978	38,099	107,071	40,120	48,917	20,423
United States	193,615	31,989	24,052	4,920	138,328	28,543
Mexico	14,467	4,320	10,093	3,987	2,680	1,265
Others	258	103	213	108	35	17
<b>Total</b>	<b>960,699</b>	<b>210,776</b>	<b>527,508</b>	<b>168,738</b>	<b>414,378</b>	<b>120,750</b>

Source: KOTIS

Product Weight Equivalent basis

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

**Production, Supply and Demand Data Statistics:**

Meat, Beef and Veal of Korea, Republic	2008			2009			2010		
	2008			2009			2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official Data	Old Post	Data	USDA Official Data	Old Post	Data	USDA Official Data	Jan	Data
Slaughter (Reference)	769	769	769	865	865	880		920	
Beginning Stocks	10	10	10	15	15	15		40	
Production	246	246	246	280	283	288		298	
Intra-EU Imports	0	0	0	0	0	0		0	
Other Imports	295	295	295	255	260	265		260	
Total Imports	295	295	295	255	260	265		260	
Total Supply	551	551	551	550	558	568		598	
Intra EU Exports	0	0	0	0	0	0		0	
Other Exports	0	0	0	0	0	0		0	
Total Exports	0	0	0	0	0	0		0	
Human Dom. Consumption	536	536	536	515	523	528		563	

Other Use, Losses	0	0	0	0	0	0			0
Total Dom. Consumption	536	536	536	515	523	528			563
Ending Stocks	15	15	15	35	35	40			35
Total Distribution	551	551	551	550	558	568			598
CY Imp. from U.S.	45	45	45	110	110	70			100
CY. Exp. to U.S.	0	0	0	0	0	0			0

## Commodities:

### Animal Numbers, Swine

#### Production:

Domestic pork production is slowly, but steadily trending downward as farmers continue to reduce inventories due to strong compound feed prices and manure treatment costs. This trend is projected to continue with pork production estimated to contract to 1.0 million tons in 2010.

In contrast to beef production, high compound feed costs have had a more immediate impact on swine growers since they can quickly cut-back herd sizes since swine have a shorter lifecycle. In particular, swine producers are more readily impacted by strong feed prices because they do not have the option of extending feed rations by using increased amounts of roughage nor do they typically have on-site facilities to mix their own feed. The current softening in domestic compound feed prices will be a quick minor adjustment, according to industry sources. Prices are still expected to remain above historical averages, which will be especially difficult for smaller growers.

New environmental regulations will prohibit the dumping of approximately 1.4 million tons of swine manure in the open sea by 2012. New manure treatment facilities will be built to safely dispose of this waste. The financial burden to construct these facilities will increase future production costs. However, the increase in costs will partially be offset through government support.

The central government will provide 50 percent of the funds needed to construct joint manure treatment facilities, and the regional government will provide another 30 percent. Meanwhile, swine growers will be responsible for the remaining 20 percent. This added cost, while comparatively small, will still be a burden for the smaller sized farms, which are already struggling with high feed prices.

The government's effort to eradicate swine diseases has increased production efficiency and has also re-opened export opportunities. The government's vaccination program against PRRS has led to a gradual increase in the Maximum Sustainable Yield (MSY) for piglets. For example, the MSY has grown to 15 piglets per sow, compared to 13 piglets per sow in 2006. This higher MSY in part led to higher piglet production in 2009.

The government has also been instrumental in eradicating swine fever from the island of Jeju. In recognition of the island's disease-free status, Japan has approved the resumption of Korean pork shipments. Jeju pork producers hope to begin shipping pork to Japan sometime during the first half of 2009. Pork exports to Japan totaled \$321 million in 1999 before being cut-off in March 2000, due to outbreaks of swine fever. In order to fully eradicate swine fever from the mainland, the government provides vaccinations and penalizes farmers when less than 80 percent of the herd tests positive for the virus antibodies.

In 2009, the Korean government introduced an incentive program to increase the quality of domestic pork. Farmers that produce swine that receive over a 1+ grade will receive an incentive payment of 10,000 won (about \$9) per head. This program has showed early signs of progress with 2.3 percent of swine receiving a 1+ grade from Jan-Jul 2009. In comparison, only 1.4 percent of swine were graded at 1+ in 2008.

### Production, Supply and Demand Data Statistics:

Animal Numbers, Swine of Korea, Republic	2008			2009			2010		
	2008			2009			2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
		Data			Data			Data	
Total Beginning Stocks	8,742	8,742	8,742	8,223	8,223	8,223		8,240	
Sow Beginning Stocks	1,004	1,004	1,004	913	913	913		900	
Production (Pig Crop)	13,792	13,792	13,792	13,476	13,476	13,832		13,630	
Intra-EU Imports	0	0	0	0	0	0		0	
Other Imports	2	1	1	1	1	1		1	
Total Imports	2	1	1	1	1	1		1	
Total Supply	22,536	22,535	22,535	21,700	21,700	22,056		21,871	
Intra EU Exports	0	0	0	0	0	0		0	
Other Exports	0	0	0	0	0	0		0	
Total Exports	0	0	0	0	0	0		0	
Sow Slaughter	0	0	0	0	0	0		0	
Other Slaughter	13,807	13,806	13,806	13,100	13,100	13,316		13,221	
Total Slaughter	13,807	13,806	13,806	13,100	13,100	13,316		13,221	
Loss	506	506	506	500	500	500		500	
Ending Inventories	8,223	8,223	8,223	8,100	8,100	8,240		8,150	
Total Distribution	22,536	22,535	22,535	21,700	21,700	22,056		21,871	
CY Imp. from U.S.	0	1	1	0	1	1		1	
CY. Exp. to U.S.	0	0	0	0	0	0		0	

### Commodities:

Meat, Swine

### Consumption:

Pork consumption is expected to increase to 1.5 million tons in 2010 after dropping the previous year due to high prices of domestic pork and the brief H1N1 scare.

Pork retail prices soared during the summer of 2008 and have remained strong since as domestic supplies and imports have both declined. According to inspection data, pork imports during the first seven months of this year (Jan-Jul) are down by almost 40 percent to 68,000 tons from the same period last year. Because of the limited supplies, the pork belly price is now currently 53 percent higher than frozen Australian beef loin, while the prices of these two meat cuts were nearly the same in January 2008. This price differential has resulted in some consumers switching to cheaper imported beef.

The findings of H1N1 briefly caused pork consumption to decline. According to a survey conducted by the Korea Rural Economic Institute, right after reports of H1N1 in Korea, roughly 43 percent of consumers replied that they would either reduce their pork consumption or stop eating pork. Consumer opinion improved after the news that the first H1N1 patient had fully recovered from the flu. This news combined with the announcement that the new influenza was not swine flu helped pork prices recover from their brief skid.

The country of origin labeling requirement for pork dishes being sold in restaurants, which became effective last December, has discouraged some restaurants from using imported pork.

Change in Consumers' Intention to Consume Pork after H1N1 Outbreak (Percent)

	First Survey (April 28, 2009)	Second Survey (May 7, 2009)
Will not eat pork	14.5	6.9
Will reduce pork consumption	28.9	31.0
Will not change pork consumption	40.8	41.4
Will increase pork consumption	1.3	3.4
Will only eat domestic pork	14.5	17.2
Total	100.0	100.0

Source: Korea Rural Economic Institute

Retail prices (2008 – 2009)

Unit: Won per 500 gram

Month	Hanwoo beef Loin (Top grade)	Australian Beef Loin (Chilled)	Australian Beef Loin (Frozen)	Domestic Pork
Jan., 2008	32,407	18,150	6,600	6,868
Feb., 2008	31,881	19,532	6,649	6,813
Mar., 2008	31,897	18,776	6,258	6,641
Apr., 2008	31,737	18,702	5,885	7,368
May, 2008	29,968	18,776	6,100	8,458
Jun., 2008	29,482	18,989	6,152	9,747
Jul., 2008	29,669	20,152	6,267	9,483
Aug., 2008	31,716	20,887	6,267	9,699
Sep., 2008	32,007	21,745	6,267	9,514
Oct., 2008	32,184	22,897	6,267	8,896
Nov., 2008	31,822	23,884	6,295	8,644
Dec., 2008	31,871	23,972	6,300	8,651
Jan., 2009	32,614	22,106	6,300	8,533

Feb., 2009	32,109	20,484	6,263	8,503
Mar., 2009	32,434	20,345	6,167	9,041
Apr., 2009	31,732	20,233	6,167	10,064
May, 2009	33,354	19,735	6,167	8,991
Jun., 2009	33,754	14,960	6,167	9,146
Jul., 2009	34,497	17,781	6,167	9,461

Source: National Agricultural Cooperative Federation (Exchange rate: US\$1 = 1,248.5 won)

## Trade:

In late April, Korea announced that it would ban imports of live swine from North America after reported human cases of H1N1 in this region. Although pork shipments were not suspended, imports were subject to intensified quarantine inspection. In mid August, the ban on live swine was rescinded and the heightened inspection of pork shipments was scaled back.

Pork imports in 2009 are expected to fall despite the high price of domestic pork. While fears over H1N1 may have had a minimal impact, the main reason behind lower imports is the large carry over pork stocks from the previous year. The high carryover stocks were due to the excessive amounts of foreign pork imported in response to high domestic pork prices in the second half of 2008. However, demand for imported pork has started to weaken in part because of restaurant country of origin labeling, which became effective in late December 2008.

This excess inventory will be consumed in 2009 and 2010. As these inventories and local production begin to shrink, imports are projected to increase slightly to 450,000 tons in 2010. Imports of U.S. pork are projected to climb to 135,000 tons in 2010.

### Korea: Pork Imports (\$1000 and Metric Tons)

Country	Annual 2008		Jan-Jul 2008		Jan-Jul 2009	
	Value	Volume	Value	Volume	Value	Volume
United States	241,130	102,354	153,099	86,390	120,909	54,992
Chile	88,068	32,058	78,123	43,637	67,922	23,416
Canada	123,130	58,145	70,623	37,359	58,483	33,615
France	66,834	19,540	40,978	16,487	28,214	9,436
Belguim	52,851	15,875	33,001	15,847	23,665	7,372
Denmark	10,961	2,900	27,478	14,388	19,342	7,742
Austria	63,148	17,375	35,601	13,573	29,694	9,091
Netherlands	45,899	11,671	27,619	13,436	24,317	6,551
Spain	40,886	21,070	21,466	10,141	22,918	12,310

Poland	345	71	16,987	9,784	6,046	3,193
Hungary	36,351	12,166	23,000	10,360	10,041	3,578
Others	83,597	37,570	13,906	6,980	13,863	5,828
<b>Total</b>	<b>853,200</b>	<b>330,795</b>	<b>541,882</b>	<b>278,382</b>	<b>425,414</b>	<b>177,124</b>

Source: KOTIS

Product Weight Equivalent basis

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

### Comparison of Imported Beef Prices Against Pork and Chicken Prices

Year	Month	Imported Beef (Australian Beef)						Domestic	
		Chilled			Frozen			Pork <sup>2</sup>	Chicken <sup>3</sup>
		Short rib	Rib eye	Bulgogi <sup>1</sup>	Short rib	Rib eye	Bulgogi <sup>1</sup>		
2007	Jan.	25,492	40,724	13,918	21,066	12,350	9,834	14,786	3,750
	Feb.	27,386	40,052	13,848	21,962	12,350	9,926	14,620	3,843
	Mar.	25,556	39,244	13,644	22,570	12,350	10,162	13,784	3,815
	Apr.	23,722	40,122	12,916	21,918	12,092	10,148	13,794	3,825
	May	23,454	39,062	12,044	19,530	12,166	9,404	13,632	3,691
	Jun.	22,956	41,452	12,446	17,666	12,166	9,246	14,914	3,514
	Jul.	21,316	39,856	12,762	17,050	11,802	9,210	15,118	3,670
	Aug.	19,390	40,038	12,708	15,600	10,954	8,886	14,962	3,452
	Sep.	20,562	41,700	13,426	16,534	11,000	9,348	14,666	3,526
	Oct.	20,616	41,916	14,402	16,900	11,000	9,866	14,366	3,427
	Nov.	19,834	38,744	14,634	16,234	11,092	9,768	13,178	3,302
	Dec.	20,232	37,406	14,054	17,786	11,530	9,954	13,296	3,617
2008	Jan.	22,758	36,300	14,300	18,774	13,200	9,750	13,736	3,696
	Feb.	24,394	39,064	14,508	19,432	13,298	10,266	13,626	3,982
	Mar.	22,424	37,552	13,658	20,030	12,516	10,524	13,282	4,256
	Apr.	21,098	37,404	13,260	20,126	11,770	10,714	14,736	4,322
	May	19,954	37,552	13,934	19,102	12,200	10,678	16,916	3,620
	Jun.	21,212	37,978	14,070	19,280	12,304	10,702	19,494	3,665
	Jul.	20,466	40,304	14,760	19,500	12,534	10,966	18,966	4,275
	Aug.	21,888	41,774	15,228	19,576	12,534	11,392	19,398	5,016
	Sep.	24,996	43,490	16,698	18,924	12,534	11,158	19,028	4,614
	Oct.	22,196	45,794	16,550	18,364	12,534	10,500	17,792	4,448
	Nov.	21,372	47,768	16,980	17,708	12,590	10,500	17,288	4,526
	Dec.	21,894	47,944	16,316	17,626	12,600	10,500	17,302	4,618
2009	Jan.	24,034	44,212	16,248	17,508	12,600	10,500	17,066	5,061
	Feb.	22,558	40,968	15,916	17,028	12,526	10,500	17,006	5,181
	Mar.	20,862	40,690	15,088	16,726	12,334	10,500	18,082	5,269
	Apr.	18,570	40,466	14,618	16,388	12,334	10,500	20,128	5,145
	May	17,422	39,470	13,292	15,272	12,334	10,500	17,982	5,547
	Jun.	18,794	29,920	13,936	16,082	12,334	10,500	18,292	5,501
	Jul.	19,154	35,562	13,842	16,172	12,334	10,500	18,922	5,636
	Aug.	19,680	36,388	13,606	15,934	12,334	10,500	19,726	5,754

Source: Agro and Fisheries Trading Corporation

Notes:

1. The cuts mostly used for this dish is chuck roll and chuck eye-roll
2. These are prices for pork bellies, which is the most popular pork cut in Korea.
3. Ready-to-cook basis
4. Won per kilogram (US\$1=1,248 won)

**Production, Supply and Demand Data Statistics:**

Meat, Swine of Korea, Republic	2008			2009			2010		
	2008			2009			2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Slaughter (Reference)	13,807	13,806	13,806	13,100	13,100	13,316			13,221
Beginning Stocks	188	188	188	144	144	144			100
Production	1,056	1,056	1,056	1,000	1,000	1,016			1,009
Intra-EU Imports	0	0	0	0	0	0			0
Other Imports	430	421	421	400	400	400			450
Total Imports	430	421	421	400	400	400			450
Total Supply	1,674	1,665	1,665	1,544	1,544	1,560			1,559
Intra EU Exports	0	0	0	0	0	0			0
Other Exports	11	11	11	15	15	20			25
Total Exports	11	11	11	15	15	20			25
Human Dom. Consumption	1,519	1,510	1,510	1,440	1,440	1,440			1,480
Other Use, Losses	0	0	0	0	0	0			0
Total Dom. Consumption	1,519	1,510	1,510	1,440	1,440	1,440			1,480
Ending Stocks	144	144	144	89	89	100			54
Total Distribution	1,674	1,665	1,665	1,544	1,544	1,560			1,559
CY Imp. from U.S.	127	127	127	110	110	120			135
CY. Exp. to U.S.	0	0	0	0	0	0			0