

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Korea - Republic of**

### **Livestock and Products Annual**

#### **Korea will continue to expand its cattle inventories**

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**Report Highlights:**

Korea will continue to expand its cattle inventories and consume more domestic and imported beef during the remainder of 2019 and into 2020. Strong demand, growth in beef processing, and cattle industry profitability are driving these trends. Swine and pork producers face volatility from currency issues, high inventories (both swine and in freezers), fluctuating international prices, and the threat from African Swine Fever. Despite profitability concerns in the swine industry, we forecast continued expansion and greater domestic supply through 2020 and expect imports to level off at a slightly lower volume.

## Commodities:

Animal Numbers, Cattle

### Production:

Calf production numbers for 2020 are projected to continue to increase as farmers try to take advantage of high cattle prices. Semen sales during the first six months of 2019 were 3.8 percent higher than the same period in 2018. Farmers are also retaining their cow stock to increase their herd size as can be seen by the fact that cow slaughter dropped to 46.3 percent of total cattle slaughter during the first six months of 2019, compared to 49.6 percent during the same period in 2018. Due to heightened demand, heifer prices also jumped over five percent during the first half of 2019 compared to the average price in 2018. The Korea Rural Economic Institute is projecting that the number of native Korean cattle, Hanwoo, will continue to increase up to the year 2022.

Semen sales for the period March 2018 to February 2019, which is an indicator of calf production in 2019, dropped by 1.7 percent compared to the previous comparable period as farmers hesitated to expand their herd size after steer prices began to drop during the first four months of 2018. However, as the prices began to rise again after May 2018, farmers also began to use more semen for the remainder of the year. This trend carried through into 2019.

Typically, Korean farmers slaughter steers at the age of 30 months. However, as steer prices escalated by 20 percent from 4.71 million won/head in June 2018 to 5.69 million won/head in June 2019, many farmers held onto their cattle until they reached 32 months in anticipation of a further increase in cattle prices, resulting in lower steer slaughter in 2019 than the same period in 2018. The Korean cattle traceability system enables detailed slaughter age tracking. However, as farmers cannot retain their cattle for too long due to feed costs and as steer prices have stabilized in 2019, the slaughter number is projected to increase during the second half of 2019, resulting in higher total slaughter number in 2019 over the 2018 total slaughter.

Although the total herd size is projected to increase throughout the remainder of 2019 and into 2020, farmers are also cautious of any fall in prices due to over-supply. Given the projection for lower economic growth in the broader Korean economy in 2019, ranging from as low as 1 percent to an average of 2 percent, and less consumption for after-hours work gatherings among office colleagues (please see pork section), the Korean native beef cattle check-off program has offered to provide 300,000 won per heifer to farmers who agree not to retain them for breeding purposes. However, given the high cattle prices, only about 10,000 head have been registered for this program, which is far short of the numbers needed to stabilize cattle prices. The industry does not want to see a sudden price drop similar to what occurred in 2011 when there was an over-supply of cattle.

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

Month	2015	2016	2017	2018	2019	Change (Percent) 1/
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Jan	120	123	141	134	138	103.0
Feb	115	99	47	119	48	40.3
Mar	136	149	176	166	207	124.7
Apr	148	145	158	55	196	356.4
May	138	141	160	237	195	82.3
Jun	222	204	211	233	196	84.1
Jul	229	199	229	223		
Aug	162	181	170	195		
Sep	202	167	214	189		
Oct	162	156	180	179		
Nov	153	134	148	151		
Dec	140	137	122	174		
<b>Total</b>	<b>1,927</b>	<b>1,835</b>	<b>1,956</b>	<b>2,055</b>	<b>980</b>	

Source: GS&J and KREI

Note: 1/ The change is a comparison of 2019 sales versus the same month in 2018.

2/ The low semen sales in Feb. 2016, Feb. 2017 and Apr. 2018 were due to low sales caused by the outbreak of FMD. The drop in Feb. 2019 is likely due to a drop in calf prices in the previous month that may have made farmers hesitate in increasing herd size.

**Table 2: Monthly Cattle Slaughter Trend**

Year	Month	Cow		Bulls/steers		Total	
		Head	Percent of total	Head	Percent of total	Sub-total	Percent of annual

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	12.4
	Feb	30,020	45.0	36,772	55.0	66,792	7.7
	Mar	26,613	46.0	31,248	54.0	57,861	6.7
	Apr	32,132	46.0	37,788	54.0	69,920	8.1
	May	32,467	47.7	35,604	52.3	68,071	7.9
	Jun	28,381	47.8	30,960	52.2	59,341	6.8
	Jul	31,488	49.1	32,667	50.1	64,155	7.4
	Aug	33,441	44.8	41,195	55.2	74,636	8.6
	Sep	41,441	46.6	47,515	53.4	88,956	10.3
	Oct	29,796	43.3	39,060	56.7	68,856	7.9
	Nov	28,653	44.1	36,260	55.9	64,913	7.5
	Dec	33,146	43.5	42,992	56.5	76,138	8.8
<b>Total</b>	<b>393,007</b>	<b>45.3</b>	<b>473,838</b>	<b>54.7</b>	<b>866,845</b>	<b>100.0</b>	
2019	Jan	52,251	43.9	66,728	56.1	118,979	28.8
	Feb	17,903	43.9	22,863	56.1	40,766	9.9
	Mar	27,865	46.5	32,012	53.5	59,877	14.5
	Apr	34,257	48.1	36,975	51.9	71,232	17.2
	May	30,776	48.2	33,011	51.8	63,787	15.4
	Jun	28,534	48.3	30,524	51.7	59,058	14.3
	<b>Total</b>	<b>191,586</b>	<b>46.3</b>	<b>222,113</b>	<b>53.7</b>	<b>413,699</b>	<b>100.0</b>

Source: Animal and Plant Quarantine Agency

**Table 3: Farm Income per Head of Beef Cattle (estimate based on 600 Kg. cattle)**

Description	Carcass Grade
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			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
		2018	N/A	N/A	N/A	N/A	N/A
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	8.3	26.2	25.7	22.8	17.1
		2017	8.6	28.5	25.2	21.4	16.3
		2018	10.4	26.1	26.7	20.4	16.5

a/ Estimate

Source: KREI and Korea Institute of Animal Products Quality Evaluation

**Table 4: Live Hanwoo Beef Cattle Prices (Thousand won / head)**

Month	Calf						Cow			Steer		
	Female			Male			2017	2018	2019	2017	2018	2019
	2017	2018	2019	2017	2018	2019						
Jan	2114	2563	2453	2681	3105	3021	5341	5599	5685	4995	4696	5422
Feb	2390	2292	3097	2578	3206	3217	5456	5546	5685	5018	4675	5451
Mar	2348	2577	3290	3160	3233	3307	5475	5729	5619	4997	4640	5495
Apr	2587	2712	2691	3444	3129	3227	5342	5720	5613	4690	4517	5420
May	2821	2836	2830	3708	3361	3337	5293	5655	5477	4561	4711	5276
Jun	2480	2903	2771	3739	3502	3562	5330	5608	5558	4504	4712	5685
Jul	2445	2791		3601	3278		5271	5551		4582	4814	
Aug	2409	2667		3445	3064		5438	5654		4610	4893	
Sep	3116	2860		3563	3287		5378	5608		4721	4913	
Oct	2715	2656		3589	3463		5537	5792		4604	5368	
Nov	2675	2858		3424	3350		5574	5750		4915	5551	
Dec	2799	2779		3296	3014		5581	5691		4899	5670	

Source: National Agricultural Cooperative Federation

Exchange rate US\$1 = 1,213.3 won (As of August 16, 2019)

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

Animal Numbers, Cattle	2018			2019			2020		
	Jan 2018			Jan 2019			Jan 2020		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Total Cattle Beg. Stks	3428	3429	3429	3497	3488	3521	0	0	3592
Dairy Cows Beg. Stocks	319	319	319	320	315	318	0	0	318
Beef Cows Beg. Stocks	1380	1380	1380	1433	1385	1434	0	0	1485
Production (Calf Crop)	947	955	968	966	980	982	0	0	1000
Total Imports	0	0	0	0	0	0	0	0	0
Total Supply	4375	4384	4397	4463	4468	4503	0	0	4592
Total Exports	0	0	0	0	0	0	0	0	0
Cow Slaughter	393	399	393	412	407	416	0	0	430
Calf Slaughter	0	0	0	0	0	0	0	0	0
Other Slaughter	474	487	473	478	496	482	0	0	491
Total Slaughter	867	886	866	890	903	898	0	0	921
Loss and Residual	11	10	10	13	11	13	0	0	14
Ending Inventories	3497	3488	3521	3560	3554	3592	0	0	3657
Total Distribution	4375	4384	4397	4463	4468	4503	0	0	4592

## Commodities:

Meat, Beef and Veal

### Production

As farmers retained more cattle in anticipation of receiving higher prices during the first half of 2019 and even extended the marketing age from the average of 30 months to 32 months during the second half of 2019, the total slaughter number is projected to increase by 3.7 percent over the 2018 level. This increased supply will help lower the wholesale price and increase demand for native Korean cattle beef. Given the projection for increased cattle inventories into 2020, domestic beef production next year is forecast to increase accordingly.

### Consumption

With higher domestic production of beef coming into the market during the second half of 2019, prices are expected to drop. Given that over 66 percent of consumers saying that price is the main reason for not choosing to purchase Hanwoo beef, consumers are expected to increase their purchase of local meat as prices come down during the second half of 2019. Consumption of imported beef is also projected to increase in 2019 as 57 percent replied that the main reason for purchasing imported beef is due to its price competitiveness.

As can be seen in Table 6, household consumption of beef continued to drop during the first four months of 2019. This is when the domestic beef retail prices continued to increase. The average price of domestic Hanwoo short ribs, which is one of the most popular cuts in Korea, increased by 3 percent during the first four months in 2019 before beginning to come down. The price of other cuts like beef round that is used for making bulgogi dishes, has also begun to drop in 2019 compared to the previous year's level.

The expansion in terms of consumption through Home Meal replacement (HMR) and processed meat products is expected to continue in 2019. Therefore, despite increased domestic Hanwoo beef production, imported beef use is projected to continue to grow and to be used in these HMR and processed meat products, due to price competitiveness.

**Table 5: Reason for choosing Korean beef versus imported beef (June 2019)**

Reason	Korean beef consumption		Imported beef consumption	
	Increase	Decrease	Increase	Decrease
It is tasty	34.9		5.0	
It is not tasty		0.6		10.0
Satisfaction of price	17.1		57.1	
It is too pricey		66.5		11.7
Have a lot of opportunity to eat meat	20.9		13.7	
Do not have opportunity to eat meat		15.5		23.3
Prefer beef over other meat	17.8		3.7	
Prefer other meat over beef		10.3		27.2
Other	9.3	7.1	5.6	8.3

Source: KREI

**Table 6: Survey of Household Beef Consumption Per Month**

Description		Jan	Feb	Mar	Apr	Average
Purchase frequency Times	2018	1.62	1.74	1.58	1.59	1.64
	2019	1.58	1.66	1.52	1.58	1.59
	Change (%)	-2.5	-5.1	-3.8	-0.6	-3.1
Amount purchased per purchase (Kg.)	2018	0.73	0.95	0.75	0.70	0.78
	2019	0.71	0.87	0.66	0.66	0.73
	Change (%)	-2.7	-8.4	-8.3	-5.7	-6.5
Average purchase amount per household	2018	1.17	1.66	1.14	1.12	1.27
	2019	1.12	1.44	1.00	1.04	1.15
	Change (%)	-4.3	-13.3	-12.3	-7.1	-9.6

Source: Kanta World Panel, KREI

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

Origin	Quality	2017	2018	2019 Jan ~ Jun	Change in price		Price ratio over U.S. frozen beef		
					2018 over 2017	2019 over 2018	2017	2018	2019 Jan ~ Jun
Korean Hanwoo	Grade 1	4622	4377	4308	0.95	0.98	2.70	2.63	2.63
	Grade 3	3160	N/A	N/A	N/A	N/A	1.85	N/A	N/A
U.S. Beef	Chilled	2217	N/A	N/A	N/A	N/A	1.29	N/A	N/A
	Frozen	1712	1659	1638	0.97	0.99	1.00	1.00	1.00
Australian Beef	Chilled	1962	1839	1951	0.94	1.06	1.15	1.10	1.19
	Frozen	1520	1519	1517	1.00	1.00	0.89	0.91	0.93
Korean Chilled Pork Belly		2095	1935	1838	0.92	0.95	1.22	1.16	1.12

Source: KAMIS

Exchange rate US\$1 = 1,213.3 won (As of August 16, 2019)



**Table 8: Retail Prices for Beef Short Ribs (2016 – 2019)**

Unit: Won per 100 gram

Year	Month	Domestic Hanwoo (chilled)	U.S. A.		Australia	
		#1 Grade	Chilled	Frozen	Chilled	Frozen
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
	September	5,224	-	2,407	2,334	1,989
	October	5,260	-	2,435	2,399	2,000
	November	5,464	-	2,436	2,323	2,001
	December	5,254	-	2,436	2,284	2,005
2019	January	5,203	-	2,478	2,374	2,051
	February	5,126	-	2,506	2,500	2,085
	March	5,257	-	2,527	2,594	2,088
	April	5,361	-	2,499	2,484	2,104
	May	5,183	-	2,481	2,451	2,100
	June	5,107	-	2,459	2,391	2,154
	July	5,190	-	2,447	2,494	2,161
	August	5,159	-	2,446	2,592	2,169

Source: KAMIS

Exchange rate US\$1 = 1,213.3 won (As of August 16, 2019)

**Trade:**

The U.S. continues to be the largest supplier of imported beef in 2019. This is largely due to the U.S. meat industry’s efforts to increase consumers’ confidence level in U.S. beef and competitive U.S product pricing coupled with a shortage of Australian beef supplies. Australia is also subject to an Agricultural Safeguard (ASG) under the Korea-Australia FTA. In 2019, the trigger level for beef is set at 170,673 MT, with a safeguard duty of 30 percent, compared to the FTA duty of 24 percent. Once it reaches the trigger level, Australia focuses on exporting chilled products that can be somewhat price competitive after paying the high safeguard duty. Normally, Australia reaches its ASG level in November.

As explained in the consumption section, the popularity of HMR and processed beef products made from imported meat will foster increased beef imports in 2019. As the United States is expected to increase its 2019 beef production by 3.6 percent over the 2018 level, American suppliers will continue to be competitive in the Korean HMR market as price is a major determinant in the decision to purchase imported beef instead of domestic beef. Increased beef production in the United States, coupled with lower duties coming from the KORUS Free Trade Agreement, will further enhance the competitiveness of U.S. beef in 2019 and into 2020.

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

Country	Annual 2017		Annual 2018		January – June 2019	
	Value	Volume	Value	Volume	Value	Volume
United States	1,177,257	177,445	1,548,038	210,613	863,147	115,447
Australia	957,885	172,803	1,012,539	176,335	572,571	99,523
New Zealand	84,585	18,810	90,520	19,732	43,752	9,817
Mexico	7,126	1,932	15,322	3,665	13,182	2,937
Canada	24,364	5,174	18,390	3,457	16,962	3,306
Uruguay	11,753	2,559	6,937	1,417	3,696	762
Chile	2,469	604	2,405	555	1,176	264
Argentina					355	72
Others	273	88	436	106	22	11
Total	2,265,712	379,415	2,694,587	415,880	1,514,863	232,139

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	Duty phased out in 15	Duty phased out in 15	Duty phased out in 15

Free Trade Agreement	years plus Agricultural Safeguard (Already in 7 <sup>th</sup> year of phase out)	years plus Agricultural Safeguard (Already in 5 <sup>th</sup> year of phase out)	years plus Agricultural Safeguard (In its 4 <sup>th</sup> year of phase out)
Base duty	40%	40%	40%
Applicable duty in 2019	18.6%	24.0%	26.6%
Applicable duty in 2020	16.0%	21.3%	24.0%
Applicable duty in 2021	13.3%	18.6%	21.3%
Applicable duty in 2022	8.0%	16.0%	18.6%
Applicable duty in 2023	5.3%	13.3%	16.0%

### Production, Supply and Demand Data Statistics:

Meat, Beef and Veal	2018			2019			2020		
	Jan 2018			Jan 2019			Jan 2020		
Korea, Republic of	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Slaughter (Reference)	867	886	866	890	903	898	0	0	921
Beginning Stocks	7	7	7	15	11	15	0	0	15
Production	279	285	279	285	290	289	0	0	295
Total Imports	582	555	582	600	560	610	0	0	620
Total Supply	868	847	868	900	861	914	0	0	930
Total Exports	0	1	0	0	1	1	0	0	3
Human Dom. Consumpt	853	835	853	888	845	898	0	0	910
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumption	853	835	853	888	845	898	0	0	910
Ending Stocks	15	11	15	12	15	15	0	0	17
Total Distribution	868	847	868	900	861	914	0	0	930

### Commodities:

Animal Numbers, Swine

### Production:

Total swine inventory peaked in September 2018 and caused pork wholesale prices to fall below 4,000 Korean won/kg., during the October 2018 to March 2019 period. (Exchange rate US\$1 = 1,213.3 won (As of August 16, 2019).

A wholesale price of 4,000 won/kg. is considered the breakeven point for swine farmers. According to the Korean Statistics Service, the production cost per kilogram was 3,742 won in 2018. However, the Korean Swine Association that represents the swine farmers does not agree and claims that the production cost is 3,992 won per kilogram. The gap was largely due to the difference in feed cost.

As the wholesale price dropped below the breakeven point, farmers reduced their swine inventory during this period. However, as inventory continued falling until March 2019, wholesale prices once again recovered to the level of 4,000 won/kg. in April 2019. Farmers stopped reducing their herd size and began expanding inventory to capitalize on the higher price. Both sow and total herd numbers began to increase in June 2019. Farmers are now worried that the increase in swine inventory will force wholesale prices lower again and are asking large- sized farms to reduce their sow numbers by 10 percent to prevent another fall. Total live hog inventory increased to 11,317,000 head in June 2019 after dropping to 11.2 million head in March 2019. Sow numbers also increased from 1,063,000 head to 1,070,000head during the same period. Given the high sow numbers and high wholesale prices, farmers are expected to continue to expand their herd size resulting in increased herd size in 2020. As a result, the total slaughter number is also projected to increase in 2020.

In order to support pork prices, the Korean Swine Association used the check-off program to conduct sales promotions to support wholesale prices above the breakeven level. It plans to use about 854 million won for this purpose during the second half of 2019.

**Table 11: Farm Gate Hog Prices (Thousand Won/Head, 110 kg./head)**

Month	2017	2018	2019
January	358	325	273
February	362	347	265
March	374	343	318
April	415	375	369
May	425	391	351

June	485	438	354
July	456	432	
August	476	408	
September	457	414	
October	361	330	
November	380	310	
December	367	303	
Annual average	417	368	

Source: NACF

Exchange rate US\$1 = 1,213.3 won (As of August 16, 2019)

Despite the fluctuation in swine inventory and wholesale prices, the final pig crop number is projected to increase in 2019 due to higher sow numbers and favorable weather conditions compared to 2018 when an unusually hot summer negatively affected piglet production. Also, the number of PRRS cases has remained fairly low compared to previous years. The number of PED cases remains at the same level as 2018. So far, the African Swine Fever (ASF) outbreak in China and other nations in the region has not made its way to Korea. The Korean government announced on July 17, 2019 that it was going to ban the use of table waste in hog feed as a precaution against ASF.

**Table 12: Number of Porcine Disease Outbreak Cases**

Disease	2011	2012	2013	2014	2015	2016	2017	2018	2019.6
	Number of Cases								
PED	5	1	12	169	94	82	77	221	111
PRRS	44	47	69	47	44	40	20	29	9

Source: APQA

**Table 13: 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
	Sep	1063	3619	3598	3313	139	971
	Dec	1063	3508	3474	3248	131	972
2019	Mar	1063	3512	3434	3160	116	977
	Jun	1070	3554	3468	3196	122	977

Source: Korea Statistics 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 Statistics 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 14: Monthly Swine Slaughter**

Year	Month	Slaughter number (heads)		
		Total	Gilt/Sows	Boar
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
	Jul	1,292,104	607,214	684,890
	Aug	1,300,137	636,012	664,125
	Sep	1,263,318	609,171	654,147
	Oct	1,687,322	813,605	873,717
	Nov	1,663,459	799,285	864,174
	Dec	1,526,181	735,134	791,047
	<b>Total</b>	<b>17,369,032</b>	<b>8,326,678</b>	<b>9,042,354</b>
2019	Jan	1,733,052	834,167	898,885
	Feb	1,301,415	626,677	674,738
	Mar	1,436,185	691,346	744,839
	Apr	1,489,680	716,442	773,238
	May	1,482,836	714,009	768,827
	Jun	1,278,971	613,222	665,749
	<b>Total</b>	<b>8,722,139</b>	<b>4,195,863</b>	<b>4,526,276</b>

Source: APQA

**Table 15: Pork Wholesale Prices**

Month Year	2014	2015	2016	2017	2018	2019
	Won per kilogram					
January	3462	4590	4396	4582	3853	3241
February	3903	4717	3920	4536	4114	3143
March	4653	4657	4246	4710	4063	3768
April	4692	5044	4461	5153	4439	4370
May	4902	5845	4969	5222	4635	4159

June	5771	5623	5437	5751	5192	4200
July	5064	5664	4881	5528	5120	
August	5150	5472	4829	5643	4838	
September	4936	4840	4970	5421	4909	
October	4755	4313	4415	4281	3911	
November	5415	4745	4540	4507	3675	
December	4890	4361	4335	4345	3597	

Source: KMTA Exchange rate US\$1 = 1,213.3 won (As of August 16, 2019)

### Production, Supply and Demand Data Statistics:

Animal Numbers, Swine	2018			2019			2020		
	Jan 2018			Jan 2019			Jan 2020		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Total Beginning Stocks	11273	10600	11273	11333	0	11333	0	0	11499
Sow Beginning Stocks	1058	998	1058	1063	0	1063	0	0	1070
Production (Pig Crop)	19118	19200	19118	19700	0	19700	0	0	19830
Total Imports	2	3	2	3	0	1	0	0	1
Total Supply	30393	29803	30393	31036	0	31034	0	0	31330
Total Exports	0	0	0	0	0	0	0	0	0
Sow Slaughter	0	0	0	0	0	0	0	0	0
Other Slaughter	17369	17200	17369	17700	0	17800	0	0	17980
Total Slaughter	17369	17200	17369	17700	0	17800	0	0	17980
Loss and Residual	1691	1726	1691	1736	0	1735	0	0	1750
Ending Inventories	11333	10877	11333	11600	0	11499	0	0	11600
Total Distribution	30393	29803	30393	31036	0	31034	0	0	31330

### Commodities:

Meat, Swine

### Production:

As total swine inventory continues to rise in 2019, total swine slaughter is projected to increase throughout 2019. Even if prices were to again drop during the second half of 2019 due to high inventory, it will not have an impact on the increased slaughter number as it takes ten months (114 days of pregnancy plus six month of feeding) for farmers to react to price changes. Therefore, the current trend to increase herd size will result in increased inventory as well as higher slaughter numbers into 2020.



Pork production is expected to level off during the second half of 2020 as there are still high inventories of imported pork in warehouses, most of which was imported in 2018 and must be released in 2020 before it runs out of its two-year shelf life. In addition, lackluster consumption growth will not support the demand growth necessary to keep wholesale prices high.

**Consumption:**

The larger supply of domestic pork in 2019 supported the price competitiveness of Korean pork compared to Hanwoo beef and other proteins in 2019. The price ratio of domestic chilled pork bellies against U.S. frozen beef dropped from 1.16 in 2018 to 1.12 during the first half of 2019, meaning that domestic pork has become more competitive against U.S. frozen beef but is still 12 percent higher. As domestic pork production expands, prices will soften further during the second half of 2019 and into 2020.

However, consumption of domestic pork is facing significant headwinds:

1. Domestic pork is largely consumed through household purchase. However, the amount purchased for household use has dropped during the first four months of 2019 compared to the same period in 2018.
2. The recently enacted cap on weekly work hours now set at 52 has virtually stopped after hours get-togethers among office colleagues. Companies are mandated to restrict employee hours to a maximum of 52 hours per week. The after-work happy hours are also counted as work hours if connected to the workplace. As a result of people getting off earlier and participating in less after-hours get-togethers, pork consumption among office colleagues in restaurants has dropped significantly.
3. The Home Meal Replacement (HMR) industry continues to process more pork. However, this is largely being prepared using imported meat due to its price competitiveness. Television home shopping channels aggressively promote premium HMR products. The advanced home delivery system in Korea allows consumers to order HMR products in the evening and receive these the next morning.
4. Processed meat products have also grown rapidly. The ingredients used for producing processed meat products are largely imported meat. The increased picnic cut imports in 2018 mostly went to these meat processors producing canned and processed meat products.

**Table 16: Average Household Purchase of Pork**

Description	January – April 2018	January – April 2019	Change (%)
Quantity bought per purchase (kg)	1.00	1.01	0.5
Frequency of purchase (times) Per month	1.394	1.88	-2.7
Average purchase amount per household (kg)	1.94	1.90	-2.1

Source: Korea Rural Economic Institute (KREI)

**Table 17: Domestic Home Meal Replacement Sales (Unit: 100 million won, percent)**

	2015	2016	2017	2018 (P)
Ready-to-eat foods	992,165	1,323,939	1,427,981	1,628,898
Ready-to-cook foods	594,559	834,272	1,151,122	1,392,858
Fresh convenience food	95,566	109,959	163,041	195,649
Total	1,682,290	2,268,170	2,742,144	3,216,405

Source: MAFRA

The data for 2018 is a projection by KREI.

Exchange rate US\$1 = 1,213.3 won (As of August 16, 2019)

**Table 18: Production of Processed Meat Products (Unit: Metric tons)**

Year	Sausage	Ham	Bacon	Canned meat and other processed meat products
2012	56,470	61,425	5,856	39,483
2013	65,667	62,332	6,710	46,637
2014	67,512	59,778	7,268	50,885
2015	65,447	61,345	8,440	47,230
2016	70,597	64,660	9,265	56,270
2017	77,542	64,620	10,325	58,713
2018	77,158	63,158	10,832	63,723

Source: Korea Meat Industry Association

**Trade:**

Pork imports that largely went for processing purposes soared in 2018 but have somewhat stabilized in 2019. This trend will continue into 2020. This is mainly due to the high inventory of pork brought in for processing that is still in storage as demand did not increase as much as the increase in imports. It is possible that some of this warehouse inventory was used as a hedge by speculators on an outbreak of ASF in Korea, an event that has thus far been avoided. A further drag on imports is the continuing spread of ASF throughout the world, which increased the pork import price. On top of this, increased domestic production is leading to an over-supply of pork in the market. As can be seen from table 21 on pork import by cuts, the largest drop in imports during the first seven months of 2019 was in picnic cuts, which are mainly used for processing purposes.

**Table 19: Import Price per MT of Frozen Hams, Shoulder and Cuts Thereof, with bone-in (HS 0203.22)**

Month	2017	2018	2019
	U.S. dollars per metric ton		
January	4,260	3,808	3,466
February 1/	13,316	4,381	2,108
March	4,549	4,350	2,101
April	4,229	3,482	2,706
May 1/	17,881	3,294	2,319

June	4,799	3,609	2,950
July	4,202	4,158	
August	4,393	2,854	
September 1/	1,550	2,275	
October 1/	2,946	2,208	
November	4,327	2,638	
December	4,225	3,559	
Average (excluding the months marked with 1/)	4,373	3,385	

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 the cuts that account for the highest increase in pork imports. 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 drop came from a drop in picnic imports. Imports of the most popular retail cut (single rib belly) also dropped during this period.

**Table 20: Pork Imports by Cuts**

**Unit: MT and percent**

Cut	Annual			January - July			
	2017 (A)	2018 (B)	(B) / (A)	2018 (A)	2019 (B)	(B) / (A)	
Chilled	Tenderloin	0	0	N/A	0	0	N/A
	Loin	3	1	0.33	1	0	N/A
	Collar butt	7,228	7,130	0.99	4,081	3,883	0.95
	Picnic	195	440	2.26	251	198	0.79
	Ham	0	6	N/A	0	0	N/A
	Single rib belly	14,831	16,264	1.10	9,471	8,621	0.91
	Rib	7	0	N/A	0	0	N/A
Frozen	Tenderloin	13	8	0.62	5	1	0.20
	Loin	1,951	13,858	7.10	5,570	11,704	2.10

	Collar butt	30,401	42,715	1.41	26,851	38,961	1.45
	Picnic	147,332	197,047	1.34	138,623	105,392	0.76
	Ham	1,952	5,645	2.89	3,128	7,113	2.27
	Single rib belly	157,300	168,564	1.07	104,111	99,845	0.96
	Rib	6,375	10,081	1.58	6,145	6,461	1.05
	Other	1,629	1,762	1.08	879	1,199	1.36
<b>TOTAL</b>		<b>369,217</b>	<b>463,521</b>	<b>1.26</b>	<b>299,116</b>	<b>283,378</b>	<b>0.95</b>

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

**Table 21: 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		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		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		4,037	3,918	4,289	4,750

Source: KREI

**Table 22: Korea: Pork Imports**

Unit: Thousand dollars and Metric Tons

Country	Annual 2017		Annual 2018		January – June, 2019	
	Value	Volume	Value	Volume	Value	Volume
United States	430,925	157,087	563,547	202,419	293,949	107,215
Germany	380,223	110,451	363,025	117,694	167,213	55,969
Spain	178,065	60,936	240,033	76,405	141,829	44,198
Chile	115,196	27,410	127,532	31,528	62,993	17,240
Canada	96,666	35,090	118,711	39,440	65,778	22,343
Netherlands	83,809	22,243	89,239	26,410	38,687	12,169

Austria	65,284	17,058	58,642	16,869	23,964	7,064
Mexico	57,044	15,340	52,024	14,535	20,721	6,145
Denmark	47,002	17,228	50,137	17,915	22,338	8,714
Belgium	36,807	9,626	38,998	10,758	2,574	684
France	31,149	7,285	34,305	8,111	10,763	2,643
Hungary	17,508	4,358	11,647	3,223	461	158
Others	30,935	12,330	35,846	14,129	18,186	8,022
Total	1,570,613	496,442	1,783,686	579,436	869,456	292,564

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)

### Production, Supply and Demand Data Statistics:

Meat, Swine Market Begin Year Korea, Republic of	2018			2019			2020		
	Jan 2018			Jan 2019			Jan 2020		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Slaughter (Reference)	17369	17956	17369	17700	18500	17800	0	0	17980
Beginning Stocks	100	100	100	180	251	180	0	0	192
Production	1329	1373	1329	1355	1415	1363	0	0	1377
Total Imports	753	740	753	700	680	700	0	0	700
Total Supply	2182	2213	2182	2235	2346	2243	0	0	2269
Total Exports	1	2	1	1	2	1	0	0	1
Human Dom. Consumption	2001	1960	2001	2084	2000	2050	0	0	2100
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumption	2001	1960	2001	2084	2000	2050	0	0	2100
Ending Stocks	180	251	180	150	344	192	0	0	168
Total Distribution	2182	2213	2182	2235	2346	2243	0	0	2269