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Korea - Republic of

Livestock and Products Semi-annual

Semi-annual report

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Report Highlights:

Despite declining cattle prices, producers' decisions many months ago are leading to a higher than expected level of calf production in 2017. Slaughter, production and imports are also forecast to be higher. Growth in the Korean sow herd and continued disease management are leading to a larger pig crop and additional pork production. Larger domestic supplies will lower import demand but this effect is tempered by the increased price-competitiveness of U.S. pork.

Commodities:

Animal Numbers, Cattle

Production

Post forecasts Korea's 2017 calf crop to be slightly higher than our previous estimate. Three factors drive our revision: 1) Prices of live cattle ready for slaughter continued to be elevated in 2016 compared 2015. The average steer price increased 17 percent in 2016, and the cow price increased 13 percent. As a result, feeder cattle prices were also higher year-on-year, with heifer prices rising 24 percent while young bulls increased 28 percent. 2) Feeder cattle producers' intention to increase their herd size increased from an average of 0.8 percent in 2015 to 3.2 percent in 2016. This reflects producers' desire to capture higher cattle prices. 3) As a result, the amount of semen sales during the March 2016 to February 2017 period was 97.2 percent of the semen sales during March 2015 to February 2016 period. Given the ten month gestation term, semen sales during the period March 2016 to February 2017 reflect calf production in 2017 that is higher than our original forecast (Post used the average February semen sales for the past five years as the semen sales data for February 2017).

The demand for Hanwoo beef continues to decline due to the anti-graft law that went into effect in September 2016 (See Post's 2016 Livestock Annual and our beef section, below, for further information on the anti-graft law and its negative impact on high-end Hanwoo beef demand). As a result, cattle prices have begun to come down in 2017. The prices of live cows ready for slaughter dropped from 5.58 million won in December 2016 to 5.46 million won in February 2017. Steer prices also dropped, from 5.65 million won to 5.02 million won (600 kg.). The decline in live cattle prices will push farmers to slaughter their herd before prices drop further, and as a result, the total slaughter in 2017 was adjusted upwards. In addition, given the ten month gestation term combined with the 30 months of age for typical Hanwoo cattle slaughter, we see that the slaughter number for a given month will be reflected by the semen sales made 40 months prior. The semen sales made during the period September 2013 to August 2014 are an indicator for the slaughter number in 2017. The semen sales during this period increased by 6.1 percent over the same period from the previous year, resulting in higher slaughter numbers in 2017, over the 2016 level.

Ending stocks in 2017 are projected to drop further due to lower semen sales and higher slaughter numbers. Nine farms tested positive for Foot and Mouth Diseases (FMD) since the 2017 outbreak began, on February 5, 2017. There have not been any suspicious cases reported since February 13. Increased biosecurity measures taken by farmers and Korea's vaccination program seem to have prevented further spreading of FMD. So far, only 1,425 head have been culled due to FMD.

Post's 2016 estimates were adjusted based on officially published data.

Korea: 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

Source: KREI

Hanwoo Semen Sales (Unit: 1,000 straws)

Month	2012	2013	2014	2015	2016	Change 1/
Jan	105	102	121	120	123	102.5
Feb	113	98	108	115	99	86.1
Mar	169	133	129	136	149	109.6
Apr	175	150	151	148	145	98.0
May	179	166	159	138	141	102.2
Jun	217	184	188	222	204	91.9
Jul	238	216	206	229	199	86.9
Aug	200	157	197	162	181	111.7
Sep	156	162	190	202	167	82.7
Oct	139	153	163	162	156	96.3
Nov	113	125	152	153	134	87.6
Dec	111	131	145	140	137	97.9
Total	**1,915**	**1,777**	**1,909**	**1,927**	**1,835**	**95.2**

Source: GS&J and KREI

Note: 1/ The change is a comparison of 2016 sales over the same month in 2015.

Monthly Cattle Slaughter Trend

Year	Month	Cow		Bulls/steers		Total	
		Head	Percent of total	Head	Percent of total	Sub-total	Percent of annual
2014	Jan	63,427	48.63	66,989	51.37	130,416	12.52
	Feb	29,989	48.73	31,558	51.27	61,547	5.91
	Mar	38,731	49.00	40,313	51.00	79,044	7.59
	Apr	44,280	49.71	44,794	50.29	89,074	8.55
	May	39,458	52.25	36,056	47.75	75,514	7.25
	Jun	36,640	51.58	34,400	48.42	71,040	6.82
	Jul	42,694	50.13	42,479	49.87	85,173	8.18
	Aug	59,438	48.09	64,159	51.91	123,597	11.86
	Sep	36,691	49.74	37,071	50.26	73,762	7.08
	Oct	40,200	47.51	44,422	52.49	84,622	8.12
	Nov	34,605	47.21	38,696	52.79	73,301	7.04
	Dec	43,321	45.71	51,444	54.29	94,765	9.10
	Total	**509,474**	**48.90**	**532,381**	**51.10**	**1,041,855**	**100.00**
2015	Jan	48,953	44.30	61,549	55.70	110,502	10.99
	Feb	40,504	46.32	46,942	53.68	87,446	8.70
	Mar	36,937	45.86	43,608	54.14	80,545	8.01
	Apr	41,380	47.88	45,040	52.12	86,420	8.59
	May	36,557	50.79	35,414	49.21	71,971	7.16
	Jun	40,798	51.67	38,157	48.33	78,955	7.85
	Jul	42,126	53.65	36,395	46.35	78,521	7.81
	Aug	42,783	50.64	41,703	49.36	84,486	8.40
	Sep	54,696	51.19	52,144	48.81	106,840	10.62
	Oct	33,476	47.97	36,305	52.03	69,781	6.94
	Nov	32,370	47.65	35,559	52.35	67,929	6.76
	Dec	39,155	47.64	43,035	52.36	82,190	8.17
	Total	**489,735**	**48.70**	**515,821**	**51.30**	**1,005,586**	**100.00**
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
	Total	**426,638**	**49.5**	**435,101**	**50.5**	**861,487**	**100.00**

Source: Quarantine Inspection Agency

According to data released by the Korea Institute of Animal Products Quality Evaluation, farmers made a profit on all cattle slaughtered in 2016 except for those that received grade 3. This has driven farmers to increase the grade of their cattle by feeding for a longer period, driving the marbling level higher. As a result, the portion of cattle that receive number 3 grade has gradually been dropping, hitting 6.3 percent in 2016, which is about half of the level in 2011.

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
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

a/ Estimate
b/ Percentage for December 2016.
Source: KREI and Korea Institute of Animal Products Quality Evaluation

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

Month	Calf						Cow			Steer		
	Female			Male								
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Jan	1278	1664	2611	1968	1997	3106	4135	4571	5775	4228	4290	5741
Feb	1584	1490	2676	1903	2066	3198	4233	4571	5769	4180	4020	5559
Mar	1067	1769	2364	1828	2251	3281	4130	4802	5839	4091	4468	5642
Apr	1236	1934	2603	2100	2582	3561	4112	4682	5859	4047	4163	5808
May	1189	2156	2812	2472	2633	3735	4082	4700	5915	3932	4088	5623
Jun	1269	2199	2930	2527	2870	3907	4186	4748	5972	4107	4325	5653
Jul	1526	2423	2923	2687	2902	4008	4430	5107	5996	4216	4880	5715
Aug	1648	2461	2811	2642	3139	3691	4371	5543	5862	4105	5217	5707
Sep	1626	2500	2779	2678	3359	3727	4542	5599	5777	4194	5459	5577
Oct	1731	2526	2642	2329	3120	3475	4651	5882	5839	4289	5696	5723
Nov	1454	2182	2196	2260	2731	2913	4519	5810	5522	4277	5704	5522
Dec	1442	2227	2387	2151	2896	3046	4581	5842	5580	4564	5799	5650

Source: National Agricultural Cooperative Federation
Exchange rate US$1 = 1,129.7 won (As of February 24, 2017)

Production, Supply and Demand Data Statistics:

Animal Numbers, Cattle	2015		2016		2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	3190	3190	3088	3087	3106	3121
Dairy Cows Beg. Stocks	305	305	293	293	294	291
Beef Cows Beg. Stocks	1123	1123	1099	1099	1050	1107
Production (Calf Crop)	914	914	890	905	850	879
Total Imports	0	0	0	0	0	0
Total Supply	4104	4104	3978	3992	3956	4000
Total Exports	0	0	0	0	0	0
Cow Slaughter	490	490	437	426	425	442
Calf Slaughter	0	0	0	0	0	0
Other Slaughter	516	516	425	435	420	450
Total Slaughter	1006	1006	862	861	845	892
Loss	10	11	10	10	10	10
Ending Inventories	3088	3087	3106	3121	3101	3098
Total Distribution	4104	4104	3978	3992	3956	4000

Commodities:

Meat, Beef and Veal

Production:

As discussed above, the calves produced by insemination during the period September 2013 to August 2014 will have reached slaughter age in 2017, given 10 months of gestation and 30 months of feeding. As a result of the increased insemination rate during this period compared to that of the same period during the previous year (September 2012 to August 2013), the number of cattle brought for slaughter in 2017 is expected to increase. In addition, as live cattle prices have begun to drop, farmers will have less incentive to feed their cattle longer than 30 months. Higher slaughter numbers will result in increased beef production, which, in turn, will lower the import volume slightly, compared to the previous forecast.

Consumption:

As fed Hanwoo cattle prices continue to come down, the retail price of Hanwoo beef is expected to come down. There is usually a three month delay in retail prices reflecting the lower cattle prices as retailers are reluctant to lower their prices. Given falling demand for holiday season Hanwoo-based gift giving, and the difficulties faced by high-end restaurants that feature Hanwoo beef, both due to the anti-graft law that prohibits buying meals exceeding 30,000 won per person, retail prices are expected to drop in 2017. The impact of the anti-graft law can be seen from the fact that during the lunar New Year—the peak season for Hanwoo gift sets—all of the hypermarket and department stores suffered an average 15 percent drop in sales. In contrast, sales of imported beef gift sets increased over 10 percent. As Hanwoo prices come down due to clearance sales by retailers and lower demand coupled with increased demand for U.S. beef, overall 2017 beef consumption is expected to grow more than originally forecast.

As can be seen from the following table, U.S. beef has enjoyed improved price-competitiveness over Hanwoo beef and Australian beef. The price gap between chilled U.S. beef and Hanwoo beef has widened to 1.8 times and as Australian beef prices continue to increase due to the drought situation, U.S. beef will continue to be price-competitive in 2017. Although the price gap between Hanwoo beef and U.S. beef may narrow in 2017 as more Hanwoo beef comes into the market, it still will be higher than U.S. chilled beef. One major hypermarket chain has begun selling only U.S. beef at its imported beef section due to the shortage in Australian beef and rising consumer confidence in U.S. beef.

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

Origin	Quality	2014	2015	2016	Change in price		Price ratio over U.S. chilled beef		
					2015 over 2014	2016 over 2015	2014	2015	2016
Korean Hanwoo	Grade 1	3360	3739	4575	1.11	1.22	1.27	1.33	1.80
	Grade 3	2262	2522	3089	1.11	1.22	0.85	0.90	1.22
U.S. Beef	Chilled	2654	2812	2529	1.06	0.90	1.00	1.00	1.00
	Frozen	1576	1722	1765	1.09	1.02	0.59	0.61	0.70
Australian Beef	Chilled	2125	2206	2211	1.04	1.00	0.80	0.78	0.87
	Frozen	1322	1452	1497	1.10	1.03	0.50	0.52	0.59
Korean Pork		1929	2010	1960	1.04	0.97	0.73	0.71	0.78

Source: National Agricultural Cooperative Federation
Exchange rate US$1 = 1,129.7 won (As of February 24, 2017)

Retail Prices for Beef Short Ribs (2014 – 2016)	Unit: Won per 100 gram

Year	Month	Domestic Hanwoo (chilled)		U.S. A.		Australia	
		#1 Grade	#3 Grade	Chilled	Frozen	Chilled	Frozen
2015	January	4,463	2,700	-	2,352	2,313	1,839
	February	4,531	2,700	-	2,363	2,446	1,841
	March	4,487	2,700	-	2,352	2,425	1,824
	April	4,541	2,700	-	2,333	2,218	1,825
	May	4,518	-	-	2,335	2,119	1,832
	June	4,495	-	-	2,335	1,925	1,821
	July	4,541	-	-	2,347	1,977	1,819
	August	4,670	-	1,990	2,323	2,039	1,814
	September	4,898	-	2,400	2,296	2,077	1,819
	October	4,929	-	-	2,275	2,168	1,816
	November	4,941	-	-	2,249	2,166	1,800
	December	4,956	-	-	2,254	2,169	1,800
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	-	-	2,275	2,168	1,816
	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

Source: National Agricultural Cooperative Federation
Exchange rate US$1 = 1,129.7 won (As of February 24, 2017)

Trade:

The increased price competitiveness of U.S. beef, coupled with lower duties coming from the KORUS Free Trade Agreement, will further enhance the attractiveness of U.S. beef in 2017. Consequently, as noted above, Post is revising our import forecast slightly higher. In January 2017, the United States was the largest exporter of beef to Korea, outpacing Australia, which had been the largest exporter of beef into Korea for several years. This trend is expected to continue for the next three to four years until Australia can rebuild its herd. The consumer confidence level in U.S. beef has slowly but gradually increased. According to a survey conducted by the Korea Rural Economic Institute, 64.8 percent of the consumers had purchased U.S. beef in 2016. This compares to 50.1 percent in 2015.

Korea: Beef Imports (Thousand dollars and metric tons)

Country	Annual 2014		Annual 2015		Annual 2016	
	Value	Volume	Value	Volume	Value	Volume
Australia	847,850	152,427	974,429	167,788	997,673	179,904
United States	706,371	101,774	749,003	106,492	967,020	156,077
New Zealand	102,705	22,100	78,780	18,230	91,488	22,535
Canada	13,140	2,302	7,562	1,305	21,244	4,485
Uruguay	2,062	415	5,534	1,046	10,641	2,134
Chile	2,486	608	2,491	641	3,319	828
Mexico	515	198	314	144	2,295	623
Others	337	86	132	54	226	58
Total	1,675,466	279,910	1,818,245	295,700	2,093,906	366,644

Source: GTA

Product equivalent basis

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

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 5th year of phase out)	Duty phased out in 15 years plus Agricultural Safeguard (Already in 3rd year of phase out)	Duty phased out in 15 years plus Agricultural Safeguard (In its 2nd year of phase out)
	Base duty	40%	40%	40%
	Applied duty in 2016	26.6%	32.0%	34.6%
	Applicable duty in 2017	24.0%	29.3%	32.0%

Production, Supply and Demand Data Statistics:

Meat, Beef and Veal	2015		2016		2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	1006	1006	862	861	845	892

Beginning Stocks	50	50	13	13	13	13
Production	323	323	278	277	272	287
Total Imports	414	414	510	513	520	516
Total Supply	787	787	801	803	805	816
Total Exports	6	6	4	5	4	5
Human Dom. Consumption	768	768	784	785	788	798
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	768	768	784	785	788	798
Ending Stocks	13	13	13	13	13	13
Total Distribution	787	787	801	803	805	816

Commodities:

Animal Numbers, Swine

Production:

In line with our previous forecast, Post expects Korea's sow herd to continue to expand in 2017. Recently published survey data confirm this expansion, pegging the number at 974,000 head, the number we adopt in this report. Other sources expect the average herd size for 2017 at over a million head. Regardless, such high sow numbers will increase the 2017 pig crop. Additionally, improvements in piglets saved per sow per year (PSY) due to better control of Porcine Epidemic Diarrhea (PED) leads Post to raise our piglet forecast higher than originally expected.

The Foot and Mouth Disease (FMD) outbreak beginning in February 2017 has thus far not spread to swine farms due to Korea's vaccination programs.

Slaughter numbers in 2016 were revised higher to reflect officially published data.

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
2010	Dec	976	2966	3020	2875	108	911
2011	Mar	732	2149	2079	2034	85	688
	Jun	793	2272	2217	2003	115	724

	Sep	835	2416	2340	2155	117	756
	Dec	903	2586	2457	2188	119	821
2012	Mar	950	2772	2698	2376	144	862
	Jun	969	2921	2940	2537	144	890
	Sep	962	3075	3077	2770	118	897
	Dec	962	3073	3076	2749	113	904
2013	Mar	973	3089	3109	2882	112	914
	Jun	952	3116	3161	2904	98	902
	Sep	897	3078	3196	2972	88	854
	Dec	895	2940	3130	2900	99	844
2014	Mar	910	2921	3000	2805	112	859
	Jun	925	2934	2980	2789	113	864
	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

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 do not match with PS&D sow numbers, which are based on Dec, 31.

Monthly Swine Slaughter

Year	Month	Slaughter number (heads)		
		Total	Gilt/Sows	Boar
	Jan	1,414,842	699,807	715,035
	Feb	1,337,191	660,793	676,398

2014	Mar	1,322,833	655,912	666,921
	Apr	1,380,395	686,169	694,226
	May	1,252,662	622,815	629,847
	Jun	1,133,590	563,502	570,088
	Jul	1,228,387	610,187	618,200
	Aug	1,253,412	622,084	631,328
	Sep	1,220,100	602,212	617,888
	Oct	1,422,951	700,942	722,009
	Nov	1,292,060	642,906	649,154
	Dec	1,428,039	731,003	697,036
	Total	**15,686,462**	**7,798,332**	**7,888,130**
2015	Jan	1,366,402	696,574	669,828
	Feb	1,165,598	593,112	572,486
	Mar	1,422,262	710,240	712,022
	Apr	1,372,147	691,010	681,137
	May	1,188,375	600,116	588,259
	Jun	1,225,876	628,910	596,966
	Jul	1,287,986	655,585	632,401
	Aug	1,173,489	600,566	572,923
	Sep	1,277,886	653,502	624,384
	Oct	1,508,440	763,126	745,314
	Nov	1,430,006	726,830	703,176
	Dec	1,488,131	752,455	735,676
	Total	**15,906,598**	**8,072,026**	**7,834,572**
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
	Total	**16,545,753**	**8,404,921**	**8,140,832**

Source: NACF

Swine Carcass Prices

Month Year	2011	2012	2013	2014	2015	2016
	Won per kilogram					

January	6342	4725	3032	3629	4635	4540
February	6372	4451	3044	3994	4756	4062
March	6565	4401	3061	4959	4900	4614
April	5786	4309	3778	4991	5233	4906
May	7200	4873	3857	5301	6145	5338
June	7675	4971	4679	6173	6016	6095
July	6572	4600	4369	5524	6062	5164
August	6322	4356	4577	5571	5895	5542
September	5384	3561	4228	5269	5187	5292
October	4495	2992	3272	4922	4337	4558
November	5619	3814	4110	5787	5062	4720
December	6336	3485	4078	5232	4788	4587

Source: NACF

Exchange rate US$1 = 1,129.7 won (As of February 24, 2017)

Production, Supply and Demand Data Statistics:

Animal Numbers, Swine	2015		2016		2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks	10090	10090	10187	10187	10600	10367

Sow Beginning Stocks	937	937	958	958	980	974
Production (Pig Crop)	17600	17600	18011	18383	18400	18690
Total Imports	2	2	2	2	2	2
Total Supply	27692	27692	28200	28572	29002	29059
Total Exports	0	0	0	0	0	0
Sow Slaughter	0	0	0	0	0	0
Other Slaughter	15907	15907	16100	16545	16502	16793
Total Slaughter	15907	15907	16100	16545	16502	16793
Loss	1598	1598	1500	1660	1500	1690
Ending Inventories	10187	10187	10600	10367	11000	10579
Total Distribution	27692	27692	28200	28572	29002	29059

Commodities:

Meat, Swine

Production:

As total swine inventory continues to rise in 2017 total swine slaughter is also projected to increase. Higher piglet production in 2017 will further drive slaughter higher. The increase in pork production is a result of such high inventory. The Korea Rural Economic Institute is projecting that total pork production in 2017 will increase by 1.5 percent.

Consumption:

The increased supply of domestic pork will lower the domestic pork price and increase consumption slightly higher than originally forecast. Higher chicken prices, caused by the Highly Pathogenic Avian Influenza (HPAI) outbreak in Korea and a ban on U.S. chicken imports due to HPAI detections in Tennessee, will further drive pork consumption higher in 2017. As the overall economic environment declines, and consumers to seek lower-priced protein sources, pork will be able to substitute for the shortage in chicken supply.

Trade:

Post forecasts 2017 pork imports will edge higher compared to 2016, constrained somewhat by growing domestic production. Our import forecast was adjusted slightly lower than the current USDA forecast, to reflect the increase in domestic pork production. USMEF is trying to diversify the type of pork exported to Korea by, for example, highlighting Home Meal Replacement (HMR) items made of beef and pork. They will also promote pork imports for processing by providing technical support to Korean meat processing companies. This will allow Korean meat processors to use more U.S. pork in producing domestically processed meat products, such as sausages, among others. The following table shows that U.S. pork prices will continue to be price competitive against the EU pork price in 2017, largely due to lower FTA duties.

Post's 2016 Production, Consumption, Trade, and stocks estimates were revised to reflect officially published data.

Price competitiveness of U.S. Pork against EU Pork

Category	Country	Unit	2016	2017	2021	2026
Exchange rate		Won / US dollar	1,159	1,161	1,167	1,174
Import duty	U.S.A.	Percent	0.0	0.0	0.0	0.0
	EU		11.0	9.0	0.0	0.0
	Other		17.3	13.3	4.9	4.9
Import price	U.S.A.	U.S. dollar / Kg.	2.61	2.90	3.31	3.82
	EU		2.31	2.90	3.31	3.82
	Other		2.47	2.72	3.06	3.53
Purchase price by wholesaler	U.S.A.	Won / Kg.	3,493	3,893	4,459	5,179
	EU		3,870	4,229	4,458	5,178
	Other		3,850	4,118	4,315	5,012

Source: KREI

Korea: Pork Imports Unit: Thousand dollars and Metric Tons

Country	Annual 2014		Annual 2015		Annual 2016	
	Value	Volume	Value	Volume	Value	Volume
United States	372,590	111,706	428,269	139,753	377,478	141,273
Germany	217,147	65,512	231,934	80,816	245,127	86,813
Spain	113,247	38,136	164,729	62,966	174,432	71,655
Canada	77,144	34,854	86,332	41,083	81,311	35,237
Chile	93,293	25,169	122,832	31,560	116,197	32,979
Denmark	30,735	11,843	59,127	20,761	45,958	18,384
Austria	60,639	16,739	61,313	19,301	57,936	18,122
Netherlands	40,118	10,027	49,011	14,854	53,674	17,097

Mexico	34,356	8,880	34,087	10,158	48,382	13,762
Belgium	37,668	10,562	36,483	11,645	38,430	12,617
France	43,853	10,529	37,679	9,464	28,102	7,480
Hungary	18,471	6,089	14,450	4,297	15,647	4,466
Others	54,590	18,837	34,854	14,069	28,194	13,306
Total	1,193,851	368,883	1,361,100	460,727	1,310,868	473,191

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	2015		2016		2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	15907	15907	16100	16545	16502	16793
Beginning Stocks	118	118	118	118	91	103
Production	1217	1217	1232	1266	1263	1285
Total Imports	599	599	610	615	630	620
Total Supply	1934	1934	1960	1999	1984	2008
Total Exports	3	3	1	1	2	1
Human Dom. Consumption	1813	1813	1868	1895	1890	1902
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	1813	1813	1868	1895	1890	1902
Ending Stocks	118	118	91	103	92	105
Total Distribution	1934	1934	1960	1999	1984	2008