

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Korea - Republic of**

### **Livestock and Products Semi-annual**

#### **Semi-annual**

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**Report Highlights:**

Consumption of U.S. beef continues to gradually rise as consumer confidence in its safety goes up, however it's less competitive due to higher prices and stiff competition from both domestic and Australian sources. The market share for U.S. beef stood at 36.4 percent for 2014, an increase from 34.4 percent in 2013. Meanwhile, pork consumption increased over 6 percent in 2014 despite low domestic production and high prices due to substitute demand in place of beef and poultry. Pork imports increased in 2014 and will continue through early 2015 until domestic production recovers. U.S. suppliers are expected to have a price advantage over their EU competitors during 2015 due to greater supply and low feed costs for swine.

## Commodities:

### Animal Numbers, Cattle

#### Production:

Total Korean beef cattle inventory continues to drop gradually as many farmers with small-sized operations, consisting mostly of breeding farms, give up raising cattle. The total number of farm households dropped 16.4 percent (20,381 households) in 2014, due to retirement from old age and the government's direct payment to marginal income farmers who stop farming. Tighter livestock farming permit requirements that call for installation of ventilation and fumigation facilities for disease control and prevention will also accelerate the abandonment of farming for those who cannot finance the cost. Such downward trend in total cattle inventory is projected to last for the next 2-3 years and then climb upwards. Hanwoo semen sales have picked up since August 2014 and the percentage of cow slaughter has dropped from 52.8 percent in 2013 to 48.9 percent in 2014, reflecting the fact that farmers are holding onto their cow herd to replenish their stocks as live cattle prices have begun to increase. Despite increased semen sales, calf production will increase modestly, given the low beef cow beginning stock and the 10 month time lag for increased semen sales to be reflected in calf production numbers. As a result, ending inventory for cattle will drop slightly in 2015 compared to the 2014 level.

As the highest level of inventory drop in 2014 came from the 1-2 year old cattle group that would be put up for slaughter in 2015, coupled with farmers intention to hold onto their cow stock, the 2015 slaughter numbers are projected to drop by over 5 percent. Cattle inventory for animals under 1 year old dropped 17,000 head (2.1 percent) in December 2014 over the same period in 2013. During the same period, cattle over 2 years old dropped by 14,000 head (1.2 percent) whereas the inventory for cattle in the 1-2 year old group dropped by 128,000 head (14.1 percent). The Korea Rural Economic Institute is estimating that 200,000 head of cows were slaughtered from early 2012 to May 2013 under the "Cow reduction program," that was enforced to increase the live cattle price. An additional 30,000 – 40,000 head were slaughtered as a result of the government support program to provide direct payment to farmers who stopped raising cattle in 2014.

#### Korea: Farmers' Intention for Cattle Herd Size

Year	Month	Farmers' Plan		
		Maintain same level	Will Increase herd size	Will reduce herd size
2010	March	94.3	5.2	0.4
	June	95.4	3.9	0.3
	September	95.5	4.1	0.5
	December	90.9	8.7	0.4
2011	March	95.7	4.3	0.0
	June	94.8	3.5	1.7
	September	93.8	2.5	3.7
	December	95.5	1.6	2.8
2012	March	93.2	3.1	3.8
	June	96.1	2.2	1.7
	September	91.6	1.3	7.1
	December	93.5	2.1	4.4
2013	March	96.8	1.4	1.8

	June	95.2	1.1	3.7
	September	90.4	0.5	9.1
	December	94.5	1.0	4.5
2014	March	95.3	1.1	3.6
	June	92.7	2.2	5.1
	September	92.1	1.3	6.6
	December	92.1	1.5	6.4
2015	March	95.8	1.2	3.0

Source: KREI

Hanwoo Semen Sales (Unit: 000 straws)

Month	2010	2011 1/	2012	2013	2014	Change 2/
Jan	146	0	105	102	121	118.6
Feb	131	0	113	98	108	110.2
Mar	145	282	169	133	129	97.0
Apr	248	211	175	150	151	100.7
May	154	249	179	166	159	95.8
Jun	216	276	217	184	188	102.2
Jul	271	256	238	216	206	95.4
Aug	240	225	200	157	197	125.5
Sep	223	197	156	162	190	117.3
Oct	181	177	139	153	163	106.5
Nov	144	137	113	125	152	121.6
Dec	134	105	111	131	145	110.7
Total	2,233	2,115	1,915	1,777	1,909	107.4

Source: GS&J and KREI

Note:

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

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

Monthly Cattle Slaughter Trend

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

Source: Quarantine Inspection Agency

According to data released by the Korea Institute of Animal Products Quality Evaluation, farmers made profit on over 92 percent of all cattle slaughtered in 2014. This trend is expected to continue in 2015 due to lower slaughter numbers, but as the cattle supply rises in 2-3 years, farmers producing lower grade (Grade 2 and lower) are at risk of losing money again. The major factors attributed to such higher profit rate are higher live cattle price and increased consumer demand for leaner cuts. The wholesale price for grade 2 and 3 have increased 20-30 percent in 2014 over the 2013 level as consumer purchases of lower priced beef went up due to the overall poor economic situation.

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
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	11.4	25.7	31.6	23.1	7.9

a/ Estimate

Source: KREI and Korea Institute of Animal Products Quality Evaluation

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

Month	Calf						Cow			Steer		
	Female			Male			2012	2013	2014	2012	2013	2014
	2012	2013	2014	2012	2013	2014						
Jan	935	787	1278	1354	1552	1968	3689	3533	4135	3155	4216	4228
Feb	1134	869	1584	1477	1588	1903	3924	3518	4233	3379	4121	4180
Mar	1176	707	1067	1601	1500	1828	3910	3492	4130	3460	3905	4091
Apr	1192	656	1236	1712	1660	2100	3723	3393	4112	3424	3680	4047
May	1157	852	1189	1832	1763	2472	3726	3203	4082	3408	3582	3932
Jun	1088	883	1269	1668	1707	2527	3655	3190	4186	3395	3539	4107
Jul	998	817	1526	1604	1643	2687	3406	3202	4430	3287	3508	4216
Aug	798	769	1648	1510	1779	2642	3243	3379	4371	3455	3698	4105
Sep	847	935	1626	1480	1995	2678	3449	3529	4542	3614	3853	4194
Oct	845	1022	1731	1553	1807	2329	3330	3772	4651	3873	4190	4289
Nov	823	1189	1454	1435	1874	2260	3496	4116	4519	4111	4407	4277
Dec	761	1212	1442	1329	1879	2151	3471	4151	4581	4174	4378	4564

Source: National Agricultural Cooperative Federation

Exchange rate US\$1 = 1,098.90 won (As of March 6, 2015)

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

Animal Numbers, Cattle Korea, Republic	2013	2014	2015
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of	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
	Total Cattle Beg. Stks	3,479	3,479	3,342	3,342	
Dairy Cows Beg. Stocks	299	299	304	304		305
Beef Cows Beg. Stocks	1,232	1,232	1,166	1,166		1,123
Production (Calf Crop)	944	944	875	900		910
Total Imports	0	0	0	0		0
Total Supply	4,423	4,423	4,217	4,242		4,100
Total Exports	0	0	0	0		0
Cow Slaughter	565	565	510	509		446
Calf Slaughter	0	0	0	0		0
Other Slaughter	506	506	527	533		544
Total Slaughter	1,071	1,071	1,037	1,042		990
Loss	10	10	10	10		10
Ending Inventories	3,342	3,342	3,170	3,190		3,100
Total Distribution	4,423	4,423	4,217	4,242		4,100

### Commodities:

Meat, Beef and Veal

### Production:

Lower cattle inventory led to a lower slaughter number resulting in a drop in beef production in 2014. Although, farmers have begun to inseminate more cows to increase their inventory since August 2014 and have begun to hold onto their cow stock, it will take 2-3 years for this to have an impact on total herd size, given gestation time and the time it takes to raise the calves for slaughter. Consequently, beef production is expected to continue to drop in 2015. The number of cattle under 1 year old in December 2014 was 784,000 head, compared to 801,000 head in December 2013. The decrease in the number of cattle in this age group will result in fewer number to be put up for slaughter in 2015.

### Consumption:

High domestic Hanwoo beef prices in 2014 coupled with less market promotion has resulted in reduced consumption of domestic beef. Increased beef imports made up for the shortage in domestic beef supply. Several factors prevented beef consumption from further increase in 2014: 1) increased concern over the safety of beef due to livestock diseases, 2) lower meat consumption due to health concerns, 3) false labeling of country-of-origin, 4) a sluggish economy and changes in the income tax code leaving consumers with less disposable income

The following table shows promotional activities for Hanwoo beef conducted by various marketing entities. As can be seen from the following table, roughly 5 percent of Hanwoo beef is sold through

promotion. In addition to such promotional activities, livestock cooperatives have continued to increase butcher shop style beef restaurants to provide consumers with less expensive beef. Consumers at this type of restaurant purchase beef at retail price and are exempt from the 10 percent value added tax. They pay a service charge for cooking the beef at the restaurant located in the same facility, but are able to enjoy beef at a lower price than if they went to a regular restaurant.

Number of Hanwoo cattle sold through beef promotional activities

Unit: head

Year	National Agricultural Cooperative Federation	Private Stores	Other	Sub-total (A)	Total Hanwoo cattle slaughtered (B)	A. / (B)
	Number of Hanwoo cattle used (heads)					Percent
2011	7,453	-	-	7,453	716,357	1.0
2012	22,251	12,423	1,614	36,288	842,726	4.3
2013	24,380	22,057	683	47,120	959,752	4.9
2014 (Jan-May)	12,691	5,490	824	19,005	387,195	4.9
Total	66,775	39,970	3,121	109,866		

Source: KREI

Consumption of U.S. beef continues to gradually but steadily increase as consumers' confidence level in U.S. beef rises. According to a survey conducted by Gallup Korea in December, 2014, 44.7 percent of consumers replied that U.S. beef is safe, compared to 38.0 percent in 2012. Also, the percent of consumers that believe that U.S. beef is unsafe has dropped from 49.9 percent in 2012 to 42.9 percent in 2014. As over 60 percent of U.S. beef is consumed in hotel, restaurant and institutional use, the overall recovery of the Korean economy will be one of the main factors affecting U.S. beef consumption in 2015.

Another factor keeping U.S. beef consumption low is the fact that price competitiveness of U.S. beef over Korean beef has diminished as U.S. beef prices continued to increase in 2014, whereas local beef prices remained stable due to oversupply. The price ratio of number 1 grade chilled domestic Hanwoo beef over chilled U.S. beef has dropped from 1.33 in 2013 to 1.27 in 2014. The price competitiveness of U.S. chilled beef over Australian chilled beef has also dropped from 0.82 to 0.80 during the same period. In addition, the price of lower quality Hanwoo beef (Grade 3) was lower than U.S. frozen beef prices. As consumers generally prefer local beef if the price is affordable, U.S. beef will face stiff price competition in the frozen beef market and will need to enhance its marketing efforts in the chilled beef sector to increase its market share.

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

Origin	Quality	2012	2013	2014	Change in price	Price ratio over U.S. chilled beef

					2013 over 2012	2014 over 2013	2012	2013	2014
Korean Hanwoo	Grade 1	3169	3109	3360	0.98	1.08	1.54	1.33	1.27
	Grade 3	2126	2154	2262	1.01	1.05	1.03	0.92	0.85
U.S. Beef	Chilled	2063	2334	2654	1.13	1.14	1.00	1.00	1.00
	Frozen	1392	1487	1576	1.07	1.06	0.67	0.64	0.59
Australian Beef	Chilled	1831	1903	2125	1.04	1.12	0.89	0.82	0.80
	Frozen	1192	1249	1322	1.05	1.06	0.58	0.52	0.50
Korean Pork		1678	1609	1929	0.96	1.20	0.81	0.69	0.73

Source: National Agricultural Cooperative Federation  
Exchange rate US\$1 = 1,098.90 won (As of March 6, 2015)

Retail Prices for Beef Short Ribs (2013 – 2014)							
Unit: Won per 500 gram							
Year	Month	Domestic Hanwoo (chilled)		U.S. A.		Australia	
		#1 Grade	#3 Grade	Chilled	Frozen	Chilled	Frozen
2013	January	21,225	12,000	13,900	8,800	9,250	7,240
	February	20,945	12,000	13,900	8,935	11,040	7,465
	March	20,745	12,000	-	9,050	9,575	7,565
	April	20,270	12,000	-	9,355	9,555	7,665
	May	20,580	12,000	-	9,455	9,095	7,590
	June	20,385	12,000	-	9,555	9,145	7,600
	July	20,570	12,000	-	9,980	9,845	7,695
	August	20,730	12,000	-	10,085	9,640	7,870
	September	21,225	12,000	-	10,625	10,825	8,040
	October	20,805	12,430	-	11,065	10,630	8,300
	November	21,650	13,500	-	11,300	10,240	8,215
	December	21,610	13,500	-	11,495	10,180	8,270
2014	January	22,345	13,500	-	11,700	11,740	8,595
	February	22,355	13,500	-	11,690	12,765	8,795
	March	22,785	13,500	-	11,835	12,025	8,815
	April	22,350	13,500	-	11,270	10,725	8,700
	May	22,015	13,500	-	11,240	11,145	8,695
	June	21,995	13,500	-	11,300	11,565	8,690
	July	21,970	13,500	-	11,300	11,955	8,670
	August	22,270	13,500	-	11,480	11,885	8,670
	September	22,590	13,500	-	11,395	11,460	8,740
	October	22,335	13,500	-	11,690	11,945	9,010

	November	22,280	13,500	-	11,775	11,425	9,230
	December	22,025	13,500	-	11,765	12,490	9,230

Source: National Agricultural Cooperative Federation

Exchange rate US\$1 = 1,098.90 won (As of March 6, 2015)

### Trade:

As consumers' confidence level in U.S. beef rises, the market share of U.S. beef has also increased from 34.4 percent in 2013 to 36.4 percent in 2014. The labor strike at the U.S. west coast ports has somewhat provided time for Korean importers to sell off their inventory that they had purchased at higher prices than the current export price. As Korea increases its imports in 2015 to make up for the drop in domestic beef production, U.S. beef imports are expected to rebound. However, it will have to overcome competition coming from Australia that is enjoying a lower duty coming from its FTA with Korea. Canada also has a FTA with Korea, but due to the BSE case found on February 13, 2015, imports have been suspended. The following table provides an analysis of the price comparison between U.S. and Australia imported beef prices.

Category	Country	Unit	2014	2015	2016	2019	2024
Exchange rate		Won / US dollar	1,053	1,095	1,033	1,035	1,038
Import price	U.S.A.	U.S. dollar / Kg.	6.61	7.07	7.33	7.48	7.91
	Australia		5.36	5.74	5.94	6.06	6.41
Import duty	U.S.A.	Percent	32.0	29.3	26.7	18.7	5.3
	Australia		37.3	34.7	32.0	24.0	10.7
Purchase price by wholesaler	U.S.A.	Won / Kg.	9,889	10,786	10,344	9,958	9,464
	Australia		8,471	9,082	8,715	8,410	8,030

Source: KREI

### Korea: Beef Imports (Thousand dollars and metric tons)

Country	Annual 2012		Annual 2013		Annual 2014	
	Value	Volume	Value	Volume	Value	Volume
Australia	676,040	137,948	758,386	147,198	847,850	152,427
United States	471,734	95,082	529,351	92,158	706,371	101,774
New Zealand	100,095	27,541	96,010	25,343	102,705	22,100
Mexico	7,315	2,476	669	232	515	198
Canada	6,111	1,371	9,748	2,147	13,140	2,302
Others	350	109	2,566	660	4,885	1,109
Total	1,261,645	264,527	1,396,730	267,738	1,675,466	279,910

Source: KITA

Product equivalent basis

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

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 4 <sup>th</sup> year of phase out)	Duty phased out in 15 years plus Agricultural Safeguard (Already in 2 <sup>nd</sup> year of phase out)	Duty phased out in 15 years plus Agricultural Safeguard (In its 1 <sup>st</sup> year of phase out)
	Base duty	40%	40%	40%
	Applied duty in 2015	29.3%	34.7%	37.3%

Note: Beef imports from Canada have been suspended due to the finding of a BSE case on February 13, 2015.

### Production, Supply and Demand Data Statistics:

Meat, Beef and Veal Korea, Republic of	2013		2014		2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	1,071	1,071	1,037	1,042		990
Beginning Stocks	78	78	80	80		59
Production	344	344	335	335		320
Total Imports	375	375	360	392		410
Total Supply	797	797	775	807		789
Total Exports	4	4	5	3		3
Human Dom. Consumption	713	713	715	745		740
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	713	713	715	745		740
Ending Stocks	80	80	55	59		46
Total Distribution	797	797	775	807		789

### Commodities:

Animal Numbers, Swine

### Production:

The efforts by Korean swine producers to reduce sow numbers in 2013, coupled with an increased PED outbreak during the first half of 2014, have kept total swine inventory numbers low up through the first half of 2014. Total swine inventory that was 10,188,000 head in September 2013, came down to

9,680,000 head in June, 2014. The effect from reducing sow numbers that began in the second half of 2013 was already expected to dampen the total inventory during the first half of 2014, considering the 4 month gestation period and about 6 months needed to raise the piglets. As carcass prices began to rise in March 2014 due to low swine inventory, farmers began to increase their herd size during the second half of 2014 and the total inventory returned to over 10 million head that is equal to the level when the sow reduction program began in September 2013. However, due to the 10 month lag between the time when farmers begin to increase their herd size to the point where it is ready for slaughter, the increased inventory will not show an increase in pork production until May 2015. As the effect from high inventory on carcass prices will not show until the second half of 2015, total inventory is expected to continue to increase throughout 2015. The Korea Rural Economic Institute is projecting that total swine inventory will peak in 2015 and then come down in 2017 as carcass price drops due to oversupply. The following table reflects the intention of farmers to gradually increase their herd size in 2015, using January 2014 as the base month.

	JAN	FEB	MAR	APR	MAY	JUN
2015 (A)	110.0	112.1	113.4	113.6	112.9	114.3
2014 (B)	100.0	100.3	99.7	102.3	101.7	102.2
Change (A)/(B)	10.0	11.8	13.8	11.0	11.1	11.9

Source: KREI

#### Number of sows and swine by age (Thousand heads)

Year	Month	Sow 1/	Number of swine by age				
			Under 2 month	2-4 month	4-6 month	6-8 month	Over 8 month
2010	Dec	976	2966	3020	2875	108	911
2011	Mar	732	2149	2079	2034	85	688
	Jun	793	2272	2217	2003	115	724
	Sep	835	2416	2340	2155	117	756
	Dec	903	2586	2457	2188	119	821
2012	Mar	950	2772	2698	2376	144	862
	Jun	969	2921	2940	2537	144	890
	Sep	962	3075	3077	2770	118	897
	Dec	962	3073	3076	2749	113	904
2013	Mar	973	3089	3109	2882	112	914
	Jun	952	3116	3161	2904	98	902
	Sep	897	3078	3196	2972	88	854
	Dec	895	2940	3130	2900	99	844
2014	Mar	910	2921	3000	2805	112	859
	Jun	925	2934	2980	2789	113	864
	Sep	925	3011	3102	2876	115	861
	Dec	937	3043	3108	2949	120	869

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

### Monthly Swine Slaughter

Year	Month	Slaughter number (heads)			Average live weight (kg.)		
		Total	Gilt/Sows	Boar	Total	Gilt/Sows	Boar
2013	Jan	1,484,824	787,283	697,541	115	115	114
	Feb	1,255,499	665,199	590,300	114	115	113
	Mar	1,370,818	722,826	647,992	114	115	114
	Apr	1,605,656	727,386	878,270	114	115	113
	May	1,340,713	708,506	632,207	114	116	113
	Jun	1,132,980	599,761	533,219	113	115	112
	Jul	1,259,886	665,878	594,008	112	114	111
	Aug	1,242,801	668,091	574,710	112	114	110
	Sep	1,212,485	648,494	563,991	112	114	111
	Oct	1,570,333	832,306	738,027	114	115	113
	Nov	1,463,834	739,722	724,112	114	115	113
	Dec	1,419,339	704,042	715,297	114	115	113
	Total	16,359,168	8,469,494	7,889,674	114	115	113
2014	Jan	1,414,842	699,807	715,035	114	115	113
	Feb	1,337,191	660,793	676,398	115	116	113
	Mar	1,322,833	655,912	666,921	115	116	113
	Apr	1,380,395	686,169	694,226	114	116	113
	May	1,252,662	622,815	629,847	114	116	113
	Jun	1,133,590	563,502	570,088	114	116	112
	Jul	1,228,387	610,187	618,200	113	115	111
	Aug	1,253,412	622,084	631,328	113	115	111
	Sep	1,220,100	602,212	617,888	114	116	112
	Oct	1,422,951	700,942	722,009	115	116	113
	Nov	1,292,060	642,906	649,154	115	117	114
	Dec	1,428,039	731,003	697,036	115	116	113
	Total	15,686,462	7,798,332	7,888,130	114	116	113

Source: NACF

### Swine Carcass Prices

Month	2009	2010	2011	2012	2013	2014
	Won per kilogram					
January	4487	3859	6342	4725	3032	3629
February	4225	3920	6372	4451	3044	3994
March	5031	3989	6565	4401	3061	4959
April	4955	4325	5786	4309	3778	4991
May	4245	4272	7200	4873	3857	5301
June	4531	4647	7675	4971	4679	6173
July	4826	4663	6572	4600	4369	5524

August	4967	4802	6322	4356	4577	5571
September	4475	4535	5384	3561	4228	5269
October	3672	3817	4495	2992	3272	4922
November	4021	3963	5619	3814	4110	5787
December	4128	4344	6336	3485	4078	5232

Source: NACF

Exchange rate US\$1 = 1,098.90 won (As of March 6, 2015)

### Production, Supply and Demand Data Statistics:

Animal Numbers, Swine Korea, Republic of	2013		2014		2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks	9,916	9,916	9,912	9,912		10,090
Sow Beginning Stocks	962	962	895	895		937
Production (Pig Crop)	16,953	16,953	15,500	16,812		17,600
Total Imports	2	2	2	2		2
Total Supply	26,871	26,871	25,414	26,726		27,692
Total Exports	0	0	0	0		0
Sow Slaughter	0	0	0	0		0
Other Slaughter	16,359	16,359	15,288	15,686		16,200
Total Slaughter	16,359	16,359	15,288	15,686		16,200
Loss	600	600	950	950		1,000
Ending Inventories	9,912	9,912	9,176	10,090		10,492
Total Distribution	26,871	26,871	25,414	26,726		27,692

### Commodities:

Meat, Swine

### Production:

As total swine inventory remained low due to the effect of sow reduction that took place during the second half of 2013, and increased PED outbreaks during the first half of 2014, total swine slaughter dropped by over 4 percent in 2014 over the previous year's level. As a result, pork production in 2014 dropped 52,000 MT over the 2013 level. Pork production is projected to increase during the second half of 2015 as the increased swine herd beginning from the second half of 2014 is brought out for slaughtering. The effect on total pork production from the FMD outbreak that began on December 3,

2014 is minimal so far as the total number of swine culled up to March 4, 2015 is 114,257 head. Considering that the average daily slaughter number is around 60,000 head and total swine inventory is over 10 million head, the culled number thus far is not expected to dampen total pork production in 2015. However, it still remains to be seen how long it will take to eradicate FMD.

**Consumption:**

Pork consumption in 2014 increased by over 6 percent despite low domestic production and high pork prices. This is due to the fact that increased import volume exceeded the amount of decrease in domestic production. Several reasons for increased pork consumption are: 1) Consumers have switched from beef to pork due to sluggish economic conditions. 2) Substitute demand in place of duck and poultry consumption as over 30 percent of the duck inventory was culled due to HPAI. 3) Popularity of television programs where families enjoy camping has spurred consumption of pork for BBQ purposes. 4) A policy allowing butcher shops to produce and sell processed meat products since October 30, 2013 has increased the demand for unpopular cuts such as picnic, ham and tenderloins. 5) According to a survey conducted by KREI in January 2015, over 30 percent of consumers are substituting pork in place of fish as they are afraid to consume fish due to the Fukushima nuclear plant accident in 2011.

The following table shows the substitute meat for pork:

Domestic Pork		Imported Pork	
Type of substitute meat	Percent	Type of substitute meat	Percent
Chicken	28.2	Domestic pork	29.0
Hanwoo beef	25.1	Chicken	23.9
Duck meat	20.5	Hanwoo beef	19.3
Imported beef	14.0	Duck meat	14.8
Imported pork	9.7	Imported beef	11.4
Others	2.5	Others	1.5

Source: KREI

As can be seen from the following consumption pattern, the amount of single rib bellies which traditionally has been the most favorite and most expensive cut is gradually dropping, whereas consumption of pork ribs, collar butts and loin are increasing. Such phenomena are due to promotional activities by the Korea Swine Association to increase the consumption of cuts other than pork belly, thereby increasing the overall profit return to producers.

Percent of household purchase of various pork cuts (Unit: Percent)

Cut	2011	2012	2013	2014
Single rib bellies	36.5	33.9	31.8	32.2
Collar butt	12.5	12.6	13.0	12.2
Ribs	6.0	6.6	7.3	6.5
Picnic / Ham	21.0	23.4	23.8	23.5
Loin / Tenderloin	4.7	4.5	5.2	5.8
Other cuts	19.4	19.0	19.0	19.8

Source: KREI

**Trade:**

Pork imports increased in 2014 as domestic pork production dropped. As domestic pork production increases in 2015, imports are expected to drop slightly but still remain at a level higher than 2013 as domestic production will not have fully recovered to the 2013 level. Pork imports will continue to increase during the first four months of 2015, but is projected to drop after May 2015 when domestic production recovers. The United States is expected to increase its price competitiveness over EU suppliers as U.S. pork supply is expected to increase by 5.1 percent in 2015, and low feed costs will allow for higher carcass weight. The following table shows that U.S. pork prices will be more price competitive against EU pork price in 2015, largely due to lower FTA duties.

Category	Country	Unit	2014	2015	2019	2024
Exchange rate		Won / US dollar	1,053	1,095	1,035	1,038
Import price	U.S.A.	U.S. dollar / Kg.	3.08	3.03	3.03	3.07
	EU		3.38	3.32	3.32	3.37
	Other		2.55	2.50	2.50	2.54
Import duty	U.S.A.	Percent	8.0	4.0	0.0	0.0
	EU		15.0	13.0	3.0	0.0
	Other		25.0	25.0	25.0	25.0
Purchase price by wholesaler	U.S.A.	Won / Kg.	4,034	3,976	3,623	3,681
	EU		4,697	4,699	4,067	4,035
	Other		3,834	3,917	3,706	3,765

Source: KREI

**Korea: Pork Imports**

Unit: Thousand dollars and Metric Tons

Country	Annual 2012		Annual 2013		Annual 2014	
	Value	Volume	Value	Volume	Value	Volume
United States	364944	122567	289880	103899	372590	111706
Canada	132222	58551	72839	39676	77144	34854
Chile	124600	37054	101751	30367	93293	25169
Austria	51088	13783	37999	10632	60639	16739
France	47866	12266	29796	7262	43853	10529
Netherlands	59806	14607	37133	9191	40118	10027
Spain	57448	26314	42267	18446	113247	38136
Belgium	38670	10232	28815	8213	37668	10562
Germany	133157	35742	112928	32338	217147	65512
Denmark	36662	14557	29394	11564	30735	11843
Hungary	15816	4840	8691	3216	18471	6089
Poland	47136	17183	28480	9818	18680	5826
Mexico	27661	8992	19651	7067	34356	8880
Others	19864	9062	15319	6908	35910	13011

Total	1156940	385750	854943	298597	1193851	368883
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Source: KITA

Product Weight Equivalent basis

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

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

Meat, Swine Republic of Korea,	2013		2014		2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	16,359	16,359	15,288	15,686		16,200
Beginning Stocks	90	90	100	100		41
Production	1,252	1,252	1,170	1,200		1,240
Total Imports	388	388	425	480		460
Total Supply	1,730	1,730	1,695	1,780		1,741
Total Exports	2	2	3	2		2
Human Dom. Consumption	1,628	1,628	1,612	1,737		1,700
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	1,628	1,628	1,612	1,737		1,700
Ending Stocks	100	100	80	41		39
Total Distribution	1,730	1,730	1,695	1,780		1,741