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Required Report - public distribution

Date: 9/2/2011

GAIN Report Number: KS1135

Korea - Republic of

Livestock and Products Annual

Annual

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Report Highlights:

The Korean livestock industry is gradually recovering from the foot and mouth disease (FMD) outbreaks that wreaked havoc on the nation's livestock industry from last November through March of this year, and created an acute shortage of pork in the Korean market. Beef production and consumption are both forecast to continue their upward climb in 2012. Beef imports during this period are forecast to hold relatively steady at 410,000 MT, with 150,000 MT coming from the United States. Pork production in 2012 is set to rapidly expand, but will still remain slightly below pre-FMD levels. Pork imports are accordingly expected to contract to 490,000 MT, with 170,000 MT coming from the United States. Imports of U.S. pork are projected to reach 200,000 MT in 2011, about double the 2010 level.

Commodities:

Animal Numbers, Cattle

Production:

Unlike the swine sector, Korea's cattle industry was largely spared from the widespread culling due to the foot and mouth disease (FMD) outbreaks that wreaked havoc on the nation's livestock industry from last November through March of this year. As seen in the table below, nearly 151,000 cattle or 4.5 percent of the country's cattle inventory was depopulated.

Animals Culled by Species as of March 23, 2011				
Category (Species)		Number of Animal Culled (Heads)	Total number of Animals as of Dec. 1, 2010 (Heads)	Percentage of total herd (Percent)
Cattle	Hanwoo	110,890	2,761,576	4.0
	Holstein steer	3,584	160,268	2.2
	Dairy cow	36,397	429,547	8.5
	Sub total	150,871	3,351,391	4.5
Swine		3,317,864	9,881,000	33.6
Goats		7,535	N/A	N/A
Deer		3,243	N/A	N/A
TOTAL		3,479,513	N/A	N/A

Source: Ministry for Food, Agriculture, Forestry & Fisheries
Korea Statistics Administration

Record cattle inventories posted over the last few years have started putting considerable downward pressure on live cattle and beef prices in recent months. Live Hanwoo steer prices have dropped more than 35 percent since November of last year just before the FMD outbreaks, whereas retail prices for domestic beef have dropped around 20 percent. See live cattle price series at end of cattle section for more detail.

In light of the price situation, there are early signs that some farmers are beginning to slow the pace of production. According to a June survey of local cattle growers, 94.8 percent of cattle growers were planning to maintain on-farm inventories at current levels, whereas in December only 90.9 percent of farmers were planning to hold their herd sizes steady. In addition, 1.7 percent of growers said they were planning to cut production. Meanwhile, 3.5 percent of cattle growers signaled interest in expanding numbers, which is down from 9 percent last December.

Cattle Industry Survey of Intention						
	Mar., 2010	Jun., 2010	Sep., 2010	Dec., 2010	Mar., 2011	Jun., 2011
Maintain the same level	94.3	95.8	95.5	90.9	95.7	94.8
Will increase herd size	5.2	3.9	4.1	8.7	4.3	3.5

Will reduce herd size	0.4	0.3	0.5	0.4	0.0	1.7
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Source: KREI

Rising grain prices have not had a noticeable impact on cattle production since cattle prices, though down from record highs, still remain relatively strong. Average compound feed prices during the month of July were 536 won/kg, up about 15 percent from the 2010 average of 468 won/kg.

In addition, semen sales from Jan-Feb were almost zero because of FMD-related movement restrictions. This significant drop in sales during these two months will push 2011 production downward since very few calves will be born in November and December of this year.

Taking these factors into consideration, the 2011 calf crop is expected to contract nearly 15 percent from the earlier official estimate of 1.1 million to 950 million. In 2012, production is expected to rebound to the 1 million mark.

Hanwoo Semen Sales (Unit: 000 straws)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2008	116	151	146	156	174	177	220	212	170	170	148	118	1,958
2009	119	140	138	162	177	216	238	270	207	185	143	135	2,130
2010	146	131	145	248	154	216	271	240	223	181	144	134	2,233
2011	5	0	308	216									529

Note: Semen sales jumped in March 2011 after FMD movement restrictions were lifted.

Source: KREI

Slaughter:

The above-referenced cattle grower survey also reveals that there will not be a sudden rush to market animals in the near future. Based on these results and the number of animals sent to market during the first half of 2011, the slaughter estimate for 2011 has been lowered from 908,000 to 800,000 head.

However, the number of cattle to be marketed in 2012 is forecast to climb to 900,000 for two interrelated reasons. First, there are a sizeable number of animals in the pipeline, which were born in 2010 when farmers were rushing to expand herd sizes that will be ready for slaughter. Second, record inventories will continue to exert downward pressure on live cattle prices, prompting some farmers to slaughter their animals early.

In analyzing the slaughter data that follows below, it is evident that some farmers are looking at rebuilding their stocks. For example, the percentage of cows slaughtered during the first half this year was slightly less than 40 percent, compared to the average of 45 percent in 2010. Another factor behind farmers' decision to retain a higher percentage of cows is the government's calf price stabilization program, which kicks in when calf prices drop under 1.65 million won per head. In June, female and male calves were selling slightly above this trigger. Meanwhile, many of the FMD-affected farms are waiting to restock until live cattle prices stabilize.

In order to stabilize the sagging cattle market, the Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF) is encouraging farmers to reduce production and slaughter cows at an earlier age. Based on monthly slaughter data, farmers appear reluctant to market their animals earlier. Instead, they are asking for additional government compensation above and beyond the \$3 billion that MIFAFF distributed during the FMD crisis.

Monthly Cattle Slaughter Trend

Year	Month	Cow		Bull/steers		Total	
		Heads	Percent of total	Heads	Percent of total	Sub-total	Percent of annual
2010	Jan	32,820	42.4	44,588	57.6	77,408	10.3
	Feb	31,065	47.5	34,384	52.5	65,449	8.7
	Mar	25,740	46.2	30,014	53.8	55,754	7.4
	Apr	24,625	45.9	29,026	54.1	53,651	7.1
	May	23,300	45.8	27,608	54.2	50,908	6.8
	Jun	23,480	45.7	27,888	54.3	51,368	6.8
	Jul	25,553	48.7	26,920	51.3	52,473	7.0
	Aug	30,698	45.1	37,305	54.9	68,003	9.0
	Sep	41,003	47.1	45,977	52.9	86,980	11.6
	Oct	26,598	46.4	30,765	53.6	57,363	7.6
	Nov	29,018	44.2	36,686	55.8	65,704	8.7
	Dec	27,332	40.6	39,977	59.4	67,309	8.9
	Total	341,232	45.4	411,138	54.6	752,370	
2011	Jan	32,297	37.8	53,045	62.2	85,342	23.0
	Feb	11,047	33.3	22,078	66.7	33,125	8.9
	Mar	24,217	43.6	31,310	56.4	55,527	14.9
	Apr	24,752	41.4	35,090	58.6	59,842	16.1
	May	26,947	40.0	40,349	60.0	67,296	18.1
	Jun	28,691	40.8	41,617	59.2	70,308	18.9
	Total	147,951	39.8	223,489	60.2	371,440	

Stocks:

In light of the anticipated trends in production and slaughter, cattle inventories are forecast to reach a record 3.45 million head in 2012. It will probably take two to three years before total inventories start coming down since farmers were busy trying to expand production through most of 2010 in order to capture record profits. In addition to the various market factors at play, implementation of a livestock licensing system in 2012 will put downward pressure on annual production and year-end inventories. Please refer to [KS1128](#) for more details.

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

Month	Hanwoo calf		Hanwoo cow	Hanwoo steer
	Female	Male		
Jan., 2009	1,370	1,514	4,602	3,659
Feb., 2009	1,482	1,618	4,584	3,694
Mar., 2009	1,509	1,669	4,597	3,699
Apr., 2009	1,629	1,852	4,670	3,688
May, 2009	1,718	1,989	4,698	3,702
Jun., 2009	1,869	2,121	4,751	3,808
Jul., 2009	1,930	2,176	4,831	3,949
Aug., 2009	2,032	2,312	5,089	4,870
Sept., 2009	2,125	2,411	5,405	5,167
Oct., 2009	2,054	2,324	5,510	5,405
Nov., 2009	2,048	2,302	5,754	5,729
Dec., 2009	2,081	2,292	5,904	5,789
Jan., 2010	2,080	2,344	5,911	5,846
Feb., 2010	N/A	N/A	N/A	N/A
Mar., 2010	2,272	2,434	5,714	5,495
Apr., 2010	2,331	2,598	5,659	5,433
May, 2010	N/A	N/A	N/A	N/A
Jun., 2010	2,337	2,554	5,326	5,081
Jul., 2010	2,259	2,475	5,066	4,942
Aug., 2010	2,151	2,391	5,012	5,044
Sep., 2010	2,074	2,387	4,850	5,069
Oct., 2010	2,092	2,327	4,877	5,073
Nov., 2010	1,939	2,041	4,824	4,889
Dec., 2010	N/A	N/A	N/A	N/A
Jan., 2011	N/A	N/A	N/A	N/A
Feb., 2011	N/A	N/A	N/A	N/A
Mar., 2011	N/A	N/A	N/A	N/A
Apr., 2011	1,956	1,924	4,383	3,668
May, 2011	1,796	1,817	4,106	3,804
Jun., 2011	1,643	1,743	3,774	3,203

Source: National Agricultural Cooperative Federation, NACF (Exchange rate: US\$1 = 1,077.7 won)

Note: Markets were closed from Dec 2010~Mar 2011 due to the FMD outbreak.

Production, Supply and Demand Data Statistics:

Animal Numbers, Cattle of Korea, Republic of	2010		2011		2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	3,079	3,079	3,278	3,278		3,356
Dairy Cows Beg. Stocks	304	304	278	278		295
Beef Cows Beg. Stocks	1,085	1,085	1,147	1,147		1,250
Production (Calf Crop)	1,026	1,026	1,100	950		1,000
Intra-EU Imports	0	0	0	0		0
Other Imports	0	0	1	10		1
Total Imports	0	0	1	10		1
Total Supply	4,105	4,105	4,379	4,238		4,357
Intra EU Exports	0	0	0	0		0
Other Exports	0	0	0	0		0
Total Exports	0	0	0	0		0
Cow Slaughter	342	342	400	350		405
Calf Slaughter	0	0	0	0		0
Other Slaughter	411	411	508	450		495
Total Slaughter	753	753	908	800		900
Loss	74	74	151	82		10
Ending Inventories	3,278	3,278	3,320	3,356		3,447
Total Distribution	4,105	4,105	4,379	4,238		4,357
CY Imp. from U.S.	0	0	0	0		0
CY. Exp. to U.S.	0	0	0	0		0

Commodities:

Meat, Beef and Veal

Production:

The Korean government and local think tanks hold competing views on the outlook for beef production over the next couple years. GS&J, a local think-tank that closely tracks the domestic livestock industry, is predicting that the market will see a soft landing as live cattle and beef prices begin to stabilize as consumers eat more beef. Meanwhile, the Korean government is bracing against further price drops and is urging farmers to gradually begin reducing their herd sizes by slaughtering more cows.

Post's estimates are largely based on the idea that the market will experience a soft landing. Cattle prices are expected to continue their gradual downward descent, spurring increased production and consumption of domestic beef. As consumption begins to increase, cattle prices are in turn expected to stabilize.

As noted in the cattle section, slaughter estimate for 2011 was cut since there was no mad dash to market animals in response to falling cattle prices. Domestic beef production is therefore lowered 36,000 MT, or 12 percent, to 262,000 MT. In 2012, beef production is set to increase to its highest point in more than a decade at 295,000 MT as 900,000 cattle are forecast to be slaughtered. This projection, however, is liable to change if the cattle prices plunge downward during the second half of 2011.

Consumption:

The daily press reports with disturbing footage during the FMD crisis initially caused some consumers to shy away from beef (and pork). However, thanks in large part to local producer groups' promotional activities, total beef consumption in 2011 is forecast to hold at 660,000 MT, an 8 percent year-over-year increase. The recent promotional activities, which are briefly described below, are aimed at stabilizing live cattle prices by generating more demand for local beef.

For the last two months (Jun-Aug), the National Agricultural Cooperative Federation (NACF) has sold Hanwoo *Bulgogi* cuts, made-up of mostly Chuck roll, at a 50 percent discount. Meanwhile, the National Hanwoo Association sold Hanwoo beef at a 20 percent discount in July. In addition to these activities, the Korean government has announced plans to sell 30,000 Hanwoo carcasses at discounted prices later this year depending on the local market situation.

The longer and heavier than usual rainy season had a bit of a dampening effect on beef (and pork) consumption. However, this downward impact will be offset by increased demand during the upcoming Chuseok holiday season (Sep 11-13, 2011) since there are few alternative traditional gift items from which to choose. Local fruit is in short supply because of the poor weather during the growing season and customers are wary of eating imported Japanese fishery products because of radiation fears.

In consideration of the above-mentioned factors along with increased domestic production, beef consumption is forecast to grow from 660,000 MT in 2011 to 690,000 MT in 2012. Beyond 2012, consumption is expected to flatten as more domestic pork returns to the market.

Retail prices (2009 – 2011)

Unit: Won per 500 gram

Month	Hanwoo beef Loin (Top grade)	Australian Beef Loin (Chilled)	Australian Beef Loin (Frozen)	Domestic Pork
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
Aug., 2009	35,620	18,389	6,167	9,831
Sept., 2009	36,685	18,836	6,250	9,565
Oct., 2009	38,181	21,386	6,333	8,944
Nov., 2009	38,393	20,967	6,333	8,444
Dec., 2009	37,902	18,511	6,333	8,704
Jan., 2010	36,116	N/A	6,333	7,947
Feb., 2010	38,102	N/A	6,333	7,609
Mar., 2010	36,548	N/A	6,333	7,317
Apr., 2010	37,325	16,117	6,462	8,207
May, 2010	37,389	N/A	6,500	8,566
Jun., 2010	35,727	N/A	6,500	8,385
Jul.,	34,836	20,416	6,606	8,794

2010				
Aug., 2010	35,282	21,313	6,833	9,132
Sept., 2010	38,603	21,892	6,640	8,943
Oct., 2010	39,273	21,104	6,500	8,599
Nov., 2010	36,335	19,903	6,401	8,311
Dec., 2010	35,850	20,328	6,333	8,038
Jan., 2011	34,062	22,794	6,333	8,902
Feb., 2011	31,460	21,939	6,333	10,658
Mar., 2011	31,632	19,629	6,220	9,499
Apr., 2011	28,573	18,940	6,167	9,794
May, 2011	27,532	18,525	6,396	10,691
Jun., 2011	28,209	16,083	6,429	12,300
Jul., 2011	28,360	16,587	5,976	11,798

Source: National Agricultural Cooperative Federation, NACF (Exchange rate: US\$1 = 1,077.7 won)

Retail Prices for Beef Short Ribs (2010 – 2011)

Unit: Won per 500 gram

Month	Domestic Hanwoo (chilled)		U.S. A.		Australia	
	#1 Grade	#3 Grade	Chilled	Frozen	Chilled	Frozen
Jan., 2010	36,881	19,210	N/A	N/A	9,991	8,080
Feb., 2010	37,450	20,911	N/A	N/A	10,993	8,488
Mar., 2010	37,450	21,030	N/A	N/A	9,611	8,315
Apr., 2010	36,911	21,057	N/A	N/A	9,032	8,849
May, 2010	36,032	21,230	N/A	N/A	8,504	9,025
Jun., 2010	34,138	21,230	N/A	N/A	8,647	8,828
Jul., 2010	34,819	21,230	13,455	9,617	8,321	8,414
Aug., 2010	34,337	21,230	13,762	9,814	7,834	8,779
Sept., 2010	35,027	21,462	12,979	9,699	10,654	8,614
Oct., 2010	35,000	21,630	12,724	9,500	9,982	8,500
Nov., 2010	35,000	21,630	13,863	9,500	9,193	8,500

Dec., 2010	35,000	21,143	13,674	9,500	8,711	8,210
Jan., 2011	34,475	20,830	13,281	9,500	10,424	8,167
Feb., 2011	33,547	20,830	13,803	9,500	12,386	8,167
Mar., 2011	31,336	21,130	13,431	10,455	10,770	8,053
Apr., 2011	28,811	21,430	13,388	10,500	9,002	8,167
May, 2011	23,439	20,295	13,150	9,818	8,739	7,834
Jun., 2011	23,212	18,333	14,352	9,234	9,108	7,667
Jul., 2011	23,566	18,333	14,515	8,412	8,819	7,238

Source: National Agricultural Cooperative Federation, NACF (Exchange rate: US\$1 = 1,077.7 won)

Trade:

Beef imports surged during the first half of 2011 as traders anticipated a shortage of domestic pork resulting from the wide scale FMD-related culling and the rising consumer confidence in U.S. beef. Importers, however, have since slowed down making contracts for the remainder of 2011 as the market tries to absorb the influx of imported beef. The earlier prediction that imported beef would substitute the bulk of the domestic pork shortage turned out to be only partially true as poultry meat consumption took off.

Beef imports are therefore forecast to hold steady at the previous estimate of 400,000 MT (CWE) in 2011. The U.S. beef import forecast is raised to 140,000 MT based on strong sales to date. U.S. beef is expected to account for 35 percent of total imports in 2011. Given the anticipated increase in domestic beef production in 2012, imports are forecast to rise slightly to 410,000 MT. Imports of U.S. beef are likewise forecast to grow marginally to 150,000 MT, representing 37 percent of total imports.

In August 2011, a major television network carried a story about how imported U.S. beef was being mislabeled as Australian beef. Restaurant and butcher shop owners who were interviewed claimed that they were labeling U.S. beef as Australian, which is against the law, in order to sell the meat at a higher margin since Aussie beef was said to be more expensive. They also said they were putting on the wrong labels so as avoid scaring off any consumers who might still be reluctant to eat U.S. beef.

However, the price argument is weak since many U.S. beef cuts are more expensive than the same Aussie cuts. For example, chilled U.S. beef short ribs, which are the most popular beef cut in Korea, were selling for around 29,000 won/kg at retail outlets in July, while the same Aussie cut was going for roughly 17,600 won/kg.

Instead, the fear that some consumers will not purchase U.S. beef seems to be the main driver behind some proprietors' decision to mislabel the product as Australian. It should be noted here that this activity is mainly limited to the mom-and-pop style operations since the Korean government has a number of overlapping mechanisms to prevent this type of mislabeling from occurring. One of the most recently-implemented systems was the beef traceability system, which in the case of imports tracks the shipment from arrival to retail. More details on beef traceability are available in [KS1033](#).

On June 27, 2011, Korea announced that it had finished technical negotiations with Canada to resume imports of Canadian beef. The protocol is currently in the National Assembly and is pending deliberation. The first shipments could begin as early as December.

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

Country	Annual 2010		Jan-Jun, 2010		Jan-Jun, 2011	
	Value	Volume	Value	Volume	Value	Volume
Australia	571,648	138,524	256,433	65,002	368,136	72,645
United States	395,025	84,821	164,570	37,592	283,592	54,262
New Zealand	106,701	34,256	61,334	20,556	76,549	18,520
Mexico	7,364	3,574	2,661	1,520	5,976	2,163
Others	499	104	0	0	0	0
Total	1,081,237	261,279	484,998	124,670	734,253	147,590

Source: KITA

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	2010		2011		2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	753	753	908	800		900
Beginning Stocks	47	47	49	49		50
Production	247	247	298	262		295
Intra-EU Imports	0	0	0	0		0
Other Imports	366	366	400	400		410
Total Imports	366	366	400	400		410
Total Supply	660	660	747	711		755
Intra EU Exports	0	0	0	0		0
Other Exports	2	2	1	1		1
Total Exports	2	2	1	1		1
Human Dom. Consumption	609	609	660	660		690
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	609	609	660	660		690
Ending Stocks	49	49	86	50		64
Total Distribution	660	660	747	711		755
CY Imp. from U.S.	110	110	0	140		150
CY. Exp. to U.S.	0	0	0	0		0

Commodities:

Animal Numbers, Swine

Production:

The swine and pork sector were hit the hardest by the FMD outbreaks with over 3.4 million pigs, or one-third of total inventories, culled. The industry is steadily rebuilding, encouraged by record high domestic pork prices. As seen from the following table, sow inventories have increased 61,000 in just three months, from Mar-Jun. At this same rate, the industry will be able to add another 120,000 sows by the end of 2011. An additional 31,000 sows could be added to this figure under the duty free tariff rate quota (TRQ).

Number of sows and swine over 6 months of age (000 heads)

Age	Dec. 1, 2010 2/	Mar. 1, 2011 (A)	June 1, 2011 (B)	Increase Mar –May (B) – (A)
6-8 months	108	85	115	30
Over 8 months	911	688	724	36
Total Sows 1/	976	732	793	61

1/ Females over 8 months.

2/ These Dec 1 numbers do not match the year-end PS&D figures.

As explained in the cattle section, compound feed prices as of July are up roughly 15 percent from last year's annual average. Higher-priced feed, however, has not discouraged farmers from re-building their herds since swine and pork prices are at record levels.

Given the rapid increase in sow inventories, the 2011 production estimate has been raised to 12.1 million. The recovery is expected to carry on into 2012 with production estimated at 14.6 million, just slightly below pre-FMD levels. However, as explained in more detail below, production beyond 2012 will likely flatten because of disease management and livestock waste disposal requirements, as well as greater volumes of imported pork resulting from the EU-ROK FTA and the pending US-ROK FTA.

Slaughter:

Slaughter numbers for 2011 are adjusted upwards to 11 million in order to reflect increased piglet production. Likewise in 2012, increased production will result in more pigs going to market. Pig slaughter is forecast at 13.3 million in 2012, up more than 2 million from the previous year.

Stocks:

In 2012, swine farmers will continue to increase herd sizes. However, it is unlikely that total inventories will reach levels prior to the FMD outbreak for the following four reasons:

1. In the wake of the FMD crisis, the Korean government established minimum barn space requirements in order to prevent the rapid spread of livestock diseases. The minimum space for sows and porkers is 1.4 square meters and 0.8 square meters, respectively. For more details, please refer to [KS1128](#).

2. After the FMD clean-up was finished, many regional governments imposed a minimum distance requirement for swine farms located in proximity to residential areas. Farms in operation prior to this law went into effect are exempt until they re-populate. Residents want these nearby farms to shut-down.
3. Disposal of livestock manure in the open sea will be prohibited starting in January 1, 2012. Farms without access to manure treatment facilities will be prohibited from raising livestock.
4. In the next two to three years as Korea rebuilds its swine herd, the EU-ROK FTA, which was implemented on July 1, 2011, and the pending US-ROK FTA are expected to put downward pressure on local production and inventories.

Production, Supply and Demand Data Statistics:

Animal Numbers, Swine of	Korea, Republic	2010		2011		2012	
		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
		USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks		8,721	8,721	8,449	8,449		6,807
Sow Beginning Stocks		966	966	920	920		945
Production (Pig Crop)		14,923	14,923	11,127	12,127		14,600
Intra-EU Imports		0	0	0	0		0
Other Imports		2	2	12	31		5
Total Imports		2	2	12	31		5
Total Supply		23,646	23,646	19,588	20,607		21,412
Intra EU Exports		0	0	0	0		0
Other Exports		0	0	0	0		0
Total Exports		0	0	0	0		0
Sow Slaughter		0	0	0	0		0
Other Slaughter		14,629	14,629	10,000	11,000		13,302
Total Slaughter		14,629	14,629	10,000	11,000		13,302
Loss		568	568	2,800	2,800		510
Ending Inventories		8,449	8,449	6,788	6,807		7,600
Total Distribution		23,646	23,646	19,588	20,607		21,412
CY Imp. from U.S.		0	0	0	21		3
CY. Exp. to U.S.		0	0	0	0		0

Commodities:

Meat, Swine

Production:

The 2011 pork production forecast has been revised upward to 835,000 MT to reflect the industry's fast-paced recovery. Similarly, domestic pork production in 2012 is projected to increase to 1.0 million MT, which is just slightly below pre-FMD levels.

The shortage of domestic pork has caused prices to skyrocket, breaking all past records. Average retail pork prices have jumped 40 percent since November with prices hovering 24,000 won/kg as of July. Meanwhile, average carcass prices have climbed more than 65 percent during this period with prices in July above 6,500 won/kg. According to the Korea Rural Economic Institute (KREI), a local agricultural think-tank, carcass prices will gradually start coming down after the summer picnic season, but will remain around 5,000~5,300 won/kg until the end of 2011. Although down, the predicted price level is still above historical averages, which will be an important factor in driving future domestic pork production.

Swine Carcass Prices

Month	Carcass price		
	2009	2010	2011
	Won per Kilogram		
January	4487	3859	6342
February	4225	3920	6372
March	5031	3989	6565
April	4955	4325	5786
May	4245	4272	7200
June	4531	4647	7675
July	4826	4663	6572
August	4967	4802	
September	4475	4535	
October	3672	3817	
November	4021	3963	
December	4128	4344	

Source: NACF (Exchange rate: US\$1 = 1,077.7 won)

Consumption:

As domestic production increases, pork consumption is forecast to recover slightly to 1.43 million MT in 2011. Consumption is expected to continue its upward advance in 2012 with consumption climbing to 1.55 million MT, which is on par with consumption levels prior to the FMD crisis.

The current shortage in domestic pork, coupled with high pork prices, is pushing consumers to other meat proteins such as poultry, fish and imported red meats. The top alternatives were chicken (36 percent) followed by Hanwoo beef (17.9 percent), according to a KREI survey done in July.

Consumers' preferred substitute for domestic pork

Unit: Percent

Survey Period	Chicken	Hanwoo beef	Duck	Imported beef	Imported pork	Eggs	Fish
May, 2011	21.3	11.0	15.5	10.0	10.2	16.3	15.7
July, 2011	36.0	17.9	16.0	15.1	11.9	3.1	N/A

Source: KREI

Note: KREI did not provide "fish" as an alternative to domestic pork in its survey conducted in July 2011.

KREI also conducts a regular survey to see where consumers are eating pork. Although more recent survey results are unavailable, the survey shows that 59 percent of pork consumption occurred at restaurants, which would be a mix of both domestic and imported pork. Home consumption, which is made-up of more than 70 percent domestic pork, is gradually trending downward in part because of the time consuming clean-up. This growing trend towards restaurant consumption will keep demand strong for imported pork.

U.S. pork is set to account for 14 percent of consumption in 2011. In 2012, this percentage is forecast to slacken to 11 percent, but will still be above the pre-FMD level of 6 percent. In order to build market share, USMEF started to aggressively promote U.S. pork on a radio program that started August 1, 2011. However, it is still too early to tell how this outreach might boost U.S. pork sales and market share.

Ratio of Pork Consumption at Home vs Restaurants

Dining place	Jan., 2009	Jan., 2010	Aug., 2010	Feb., 2011
Restaurants	56.5	57.0	58.3	59.0
Home	43.5	43.0	41.7	41.0

Source: KREI

Trade:

In attempts to curb rising pork prices, the Korean government has announced a number of special zero duty tariff-rate-quotas (TRQ) for selected pork imports for 2011. Most of the TRQ for processing cuts has been filled. However, the quota for chilled pork bellies is far from being filled since the trade reports that international supplies of this particular cut are limited. The following table provides a summary of all of the TRQ announcements to date.

Duty Free Quota Announcements on Imported Pork				
Date	Product	HS Number	Quota	Must be

			Quota allocated	Cumulative quota	imported by
Jan. 28	Frozen pork bellies	0203.29.1000	10,000	10,000	Jun. 30, 2011
	Frozen pork for processing	0203.29.9000	50,000	60,000	
Mar. 7	Frozen pork bellies	0203.29.1000	50,000 a/	110,000	
May 11	Other chilled pork	0203.19.0000	20,000	130,000	
Jun. 27	Pork	0203	130,000	260,000	Dec. 31, 2011
Aug. 11	Chilled pork for processing	0203.19	unlimited		Sep. 30, 2011

a/ The combined quota for frozen pork bellies was 60,000 MT from January to June.

As domestic production picks up steam, pork imports during the second half of 2011 are projected to soften. The 2011 import estimate has accordingly been trimmed back to 580,000 MT. Imports of U.S. pork during this period are forecast to double from the previous year (2010), reaching 200,000 MT. In 2012, imports are expected to decline to 490,000 MT with imports of U.S. pork slipping to 170,000 MT.

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

Country	Annual 2010		Jan. – Jun., 2010		Jan. – Jun., 2011	
	Value	Volume	Value	Volume	Value	Volume
	\$000	MT	\$000	MT	\$000	MT
United States	172,198	77,335	90,737	43,054	263,622	87,316
Canada	94,102	54,715	51,025	29,711	111,605	43,967
Chile	111,477	43,443	55,636	21,618	55,515	20,403
Austria	45,961	14,394	23,698	7,427	44,616	12,935
France	46,518	14,007	24,393	7,546	35,518	10,525
Netherlands	44,663	13,382	21,799	6,451	74,632	10,889
Spain	32,422	18,557	16,223	9,352	34,896	15,193
Belgium	42,230	13,813	22,804	7,477	30,125	9,301
Denmark	20,197	11,452	10,037	5,161	31,033	12,086
Hungary	13,399	5,541	5,931	2,486	17,038	5,831
Poland	10,425	5,841	4,890	2,829	15,779	6,968
Mexico	18,947	8,145	10,482	4,632	14,818	4,732
Others	31,347	12,919	9,241	4,349	45,385	16,773
Total	683,886	293,544	346,896	152,093	774,582	256,919

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 of Korea, Republic	2010		2011		2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	14,629	14,629	10,000	11,000		13,302
Beginning Stocks	107	107	60	60		50
Production	1,110	1,110	760	835		1,010
Intra-EU Imports	0	0	0	0		0
Other Imports	382	382	600	580		490
Total Imports	382	382	600	580		490
Total Supply	1,599	1,599	1,420	1,475		1,550
Intra EU Exports	0	0	0	0		0
Other Exports	0	0	0	0		0
Total Exports	0	0	0	0		0
Human Dom. Consumption	1,539	1,539	1,370	1,425		1,500
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	1,539	1,539	1,370	1,425		1,500
Ending Stocks	60	60	50	50		50
Total Distribution	1,599	1,599	1,420	1,475		1,550
CY Imp. from U.S.	105	105	0	200		170
CY. Exp. to U.S.	0	0	0	0		0