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## Korea, Republic of

### Product Brief

### Horses

### 2006

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**Report Highlights:**

The total number of horses that Korea imported in 2005 dropped 36 percent from the previous year; however, the value increased by 13 percent (from \$18 million to \$20 million). In 2005, Korea imported several expensive stallions to improve their breeding stock. The average purchase price of an imported horse for breeding stock increased 150 percent this past year.

In 2006, it is expected that horse breeders will import about 100 breeding mares. Race horse owners in Seoul will import about 160 race horses to replace the poorly performed race horses, and Korea Racing Association Busan will import about 90 race horses to replace some of the existing race horses.

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## Section 1. Market Overview

The total number of horses that Korea imported in 2005 dropped 36 percent from the previous year; however, the value increased by 13 percent (from \$18 million to \$20 million). In 2005, Korea imported several expensive stallions to improve their breeding stock. The average purchase price of an imported horse for breeding stock increased 150 percent this past year. Imports of racing horses declined in 2005.

The United States was the largest supplier of horses to Korea in 2005. Total horse imports from the United States amounted to 254 head worth \$9 million, a market share of 28 percent by volume and 45 percent by value. Our major competitors are Germany and Australia.

Opening of a new racecourse in Busan in September 2005 will provide U.S. horse suppliers with more opportunities in the future. The newly opened Busan Racecourse (in September 2005) will provide U.S. horse suppliers with more opportunities, as Korean horse breeders will need to import more pregnant mares to supply racehorses. It is estimated that the Korean Racehorse Association (KRA) in Busan will have to import about 100 more racehorses each year to replace those that are performing poorly.

In 2006, it is expected that horse breeders will import about 100 breeding mares. Race horse owners in Seoul will import about 160 race horses KRA Busan will import about 90 race horses to replace some of the existing stock.

Advantages	Challenges
Strong demand for breeding and race horses	U.S. exporters lack knowledge of the needs of the Korean market
Rising reputation of U.S. horses	Korean buyers lack familiarity with U.S. sources and are unsure of how to purchase U.S. horses
No customs duties for Thoroughbred mares	Korean racehorse buyers have agreed to a voluntarily ceiling price
New race track opened in 2005 in Busan	Competition is strong as competitors are very active in promoting their horses
Thoroughbred mare breeding supported by the government	Korean breeders do not have a long history or much experience

## Section II. Market Sector Opportunities and Threats

### 1. Entry Strategy

Typically horse breeders, race horse owners or their agents purchase pregnant mares or race horses at auctions, such as the Ocala Fall Mixed Sales in Florida. This provides an opportunity for the breeders to inspect the horses they are interested in and the purchases can be conducted through an intermediary who provides credit. In addition, race horses are sometimes purchased directly from horse farms.

### 2. Breeding Horses: Market Size, Structure and Trends

There are about 1,600 thoroughbred mares and about 1,700 foals that breeders raise both in Jeju and on the mainland. KRA Jeju Stud Farm also raises about 300 foals. In addition, there are about 60 stallions that both KRA and breeders raise. When the foals become six months old, breeders normally sell about 20 percent of them to be trained as racehorses.

Breeders raise the remaining 80 percent to be sold through auctions or directly to racehorse owners. Korea Inland Horse Breeders Association (KIBA) members also import mares for breeding purposes. Breeders tend to import more expensive mares to produce better quality foals which they can sell at higher prices. There is no ceiling price for imports of thoroughbred mares.

### **3. Breeding Horses: Buyer Profiles**

There are about 120 thoroughbred breeders across the country, most of whom belong to one of two organizations. About 80 breeders are members of the Korea Thoroughbred Breeders Association (KTBA), located on Jeju Island, and about 20 breeders are members of KIBA located at the Seoul Race Park. The remaining 20 breeders are non-member independent breeders. Together, these breeders raise a total of about 4,000 foals, yearlings, colts, fillies, mares and stallions for the Korean horse industry. KTBA members generally import about 100 thoroughbred pregnant mares annually, the foals of which, once born in Korea, are considered domestic horses.

Many thoroughbred horse breeders are farmers who are still learning the business. They generally work with middlemen. They would like to establish direct business relationships with U.S. suppliers, exchange technical information, and undertake mutual visits. In the past, ATO Seoul, working in cooperation with the U.S. Livestock and Genetics Export, Inc., has organized buying missions for these horse breeders. In October 2005, Korean buying mission members purchased 61 horses worth \$986,000 at the Ocala Fall Mixed Sale in Florida. This was a great success and the largest purchase from any visit that ATO Seoul has organized over the past several years.

### **4. Race Horses: Market Size, Structure and Trends**

There are currently three commercial racecourses in Korea, the first one with about 1,450 registered thoroughbred racehorses, is located in the Seoul suburb of Gwacheon. The second one is located on Jeju Island with about 500 registered native ponies (indigenous local ponies) and the third one recently opened in Busan in September 2005 with about 760 registered racehorses.

KRA purchased about 900 racehorses in the last two years to prepare for the opening of the new racecourse in Busan. KRA purchased 306 racehorses from the Jeju KRA stud farm, 128 racehorses from local breeders, 207 horses from the United States and 299 horses from Australia, Japan and New Zealand. KRA sold most of these horses to horse owners in Busan through auctions.

Busan Racecourse holds races only one day a week on Fridays unlike Seoul and Jeju, which hold races twice a week on Saturdays and Sundays.

### **5. Race Horses: Buyer Profiles**

There are about 500 racehorse owners associated with the Seoul Racecourse. These horse owners import racehorses directly, but due to an agreement between owners they are limiting themselves to a purchasing price of not more than \$20,000 in order to maintain a more equitable playing field. Each horse owner is allowed to keep a maximum of 10 horses in the KRA barns due to the limited of the number of stalls. In 2006, horse owners plan to import about 160 racehorses from foreign countries.

There are about 260 horse owners with 760 racehorses registered with the Busan Racecourse. Until 2009, KRA Busan will continue to import racehorses on behalf of these

horse owners, but the ceiling price per head is limited to \$10,000. In 2006, KRA Busan plans to import about 90 racehorses from foreign countries to replace the horses that have performed poorly. It is expected that horse owners in Busan will import horses directly after 2009. In the case of locally produced horses, horse owners buy them to replace the horses that have performed poorly or are sick.

The Korean Racing Association (KRA) is a quasi-government agency that manages the racecourses in Seoul, Busan and Jeju. Of the approximate 1,450 racehorses registered with the Seoul Racecourse, about 75 percent were domestically produced and the remaining 25 percent imported. KRA's goal is to supply 75 percent of horses from domestic production. Jeju ponies registered with the Jeju Racecourse are all domestic. KRA also has a stud farm on Jeju Island where about 300 Thoroughbred horses, under 3 years old, are raised and trained. Those animals are purchased from KTBA members. KRA works closely with KTBA and provides the member breeders with free stud services.

### Section III. Horse Imports

**Table 1: Total Imports of Horses in Korea**  
(Value: \$1,000)

Year	Pure-bred Breeding Horse		Racing Horse		Other Horse		Total Imports	
	Head	Value	Head	Value	Head	Value	Head	Value
2002	232	2,911	293	3,636	259	720	784	7,267
2003	103	1,368	239	4,190	621	445	963	6,003
2004	76	1,284	538	13,993	815	2,517	1,429	17,794
2005	178	7,503	390	9,209	342	3,405	910	20,117

Source: Korea Trade Information Service

**Table 2: Imports of Thoroughbred Breeding Horses by Country**  
(Value: \$1,000)

Year	2003		2004		2005	
	Head	Value	Head	Value	Head	Value
USA	63	1,147	47	875	84	5,723
Australia	18	60	3	114	38	960
Japan	22	161	4	31	13	220
Germany	0	0	6	43	38	447
Others	0	0	16	221	5	153
Total	103	1,368	76	1,284	178	7,503

Source: Korea Trade Information Service

**Table 3: Imports of Race Horses by Country**  
(Value: \$1,000)

Year	2003		2004		2005	
	Head	Value	Head	Value	Head	Value
USA	94	1,578	206	4,026	134	2,810
Germany	43	761	38	3,608	13	2,042
Australia	47	715	196	3,856	139	2,150
New Zealand	37	821	61	1,533	14	331

Belgium	6	126	11	355	3	79
Japan	5	121	26	615	82	1,664
Others	7	68	0	0	5	133
Total	239	4,190	538	13,993	390	9,109

Source: Korea Trade Information Service

**Table 4: Imports of Other Horses<sup>1</sup> by Country**  
(Value: \$1,000)

Year	2003		2004		2005	
	Head	Value	Head	Value	Head	Value
China	583	210	682	343	196	103
Germany	0	0	25	401	45	1,914
USA	0	0	31	347	36	603
Australia	0	0	10	263	37	382
Russia	0	0	12	62	6	33
Japan	22	114	23	410	2	17
New Zealand	3	17	11	400	20	353
France	13	104	12	115	0	0
Others	0	0	9	176	0	0
Total	621	445	815	2,517	342	3,405

Source: Korea Trade Information Service

Note: 1/ Equestrian event, riding and horses for other purposes than breeding and racing

Total horse imports amounted to 910 head worth \$20.1 million in 2005, of which 254 head worth \$9.1 million came from the United States, accounting for 28 percent in the number of head and 45 percent in value, followed by Germany at 96 head worth \$4.4 million, and by Australia at 214 head worth \$3.5 million.

## Section IV. Competition

The United States has been a strong supplier of thoroughbred breeding horses. In 2005, imports of breeding horses increased significantly. These imports are at a record high. Australia, Japan and Germany are the main competitors for U.S. breeding horses.

The United States is also a strong supplier of racehorses, but Australia has the largest market share. Horses imported from the United States come largely from Florida, Maryland, Kentucky and California. The market for other horses, including equestrian event horses, is becoming bigger and the U.S. became the second largest supplier of these animals in Korea in 2005 in terms of value. They are coming from many countries such as Germany, China, Australia, Japan, Russia, and New Zealand. China exports very inexpensive horses. Competitors' suppliers are doing promotional activities such as trade servicing and direct contacts with Korean horse buyers. KTBA officials said that Australia, Japan and New Zealand are active in Korea, visit the association and breeders, and offer a wide range of benefits including free air tickets and lodgings.

Race Results of U.S. Racehorses sold to Korea

The web site below gives information on race dates, race courses, race numbers, distance classifications, finishing positions, number of runners, time, earned money, total prize money, weight carried and the names of jockeys.

For this information, U.S. suppliers can gain access to the KRA's web site below.

1. [www.studbook.co.kr](http://www.studbook.co.kr)
2. Click English (on the top line)
3. Click Imported Horse, and then Imported Racehorses right below
4. Click Display after selecting Country, Year and Last Race Date (Select All)
5. Click Foaling Date of the racehorse you are interested in
6. Click Race Records on the far right side on the top line.

## Section V. Market Access

With approval from the competent Korean government agencies, the tariff rates for thoroughbred mares, equestrian event horses for Korea's national representative players and stallions for breeding purpose by horse breeders are currently zero percent. The tariff rates for racehorses, stallions purchased by the KRA and other horses are 8 percent imposed on the CIF (Cost, Insurance and Freight) value. In addition, a 10 percent valued added tax is currently imposed on the CIF value of all imported horses, including breeding horses, race horses, equestrian event horses and other riding horses.

Imports of horses are subject to Korean health requirements. Occasionally horses imported from foreign countries raise some problems by not observing the local health requirements. Attached is an unofficial translation of the health requirements for imported horses.

### Health Requirements for Imported Horses (Unofficial translation)

MAFF (Ministry of Agriculture and Forestry) Notification No. 2004-79

The import health requirements for horses (MAFF Notification No. 88-27; October 31, 1988) have been amended and they are notified as follows.

December 23, 2004

Minister of Agriculture and Forestry

1. These import health requirements apply to horses exported to the Republic of Korea (hereinafter referred to as 'Korea').
2. Requirements concerning the freedom of communicable diseases or vaccination for the horses exported to Korea (animals of equine genus including horses, mules, and donkeys, etc.; hereinafter referred to as the 'horses for export') are as follows;
  - A. The horses for export shall be produced in a region or state, where there have been no outbreaks of dourine, glanders, African horse sickness, Venezuelan equine encephalitis, and equine vesicular stomatitis for 2 years prior to shipping, and where no vaccination is conducted against the diseases mentioned above.
  - B. The horses for export shall be produced in a region or state where there have been no outbreaks of West Nile Fever (WNF) for at least 60 days before the export quarantine commences. However, in the case of horses produced in a region or state where WNF has occurred, the result of the test for WNF using the method shown in Attachment 1 shall be negative or the horses shall be vaccinated.

- C. There shall have been no outbreaks of equine infectious anaemia, contagious equine metritis, equine piroplasmiasis, equine viral arteritis, strangles, rabies, horse pox, mange, Salmonella abortus equi, surra, pseudoglanders, and anthrax in the farm where the horses for export were produced and raised for 6 months prior to shipping.
  - D. Vaccination against equine viral arteritis (EVA) is permitted only for stallions, but they shall meet the test requirements in the exporting country for vaccinated stallions described in Attachment 2. In the event that stallions vaccinated against EVA are imported, two heads of mares negative to EVA shall be imported as well per stallion for the mating test to be conducted during the import inspection in Korea.
3. The government of the exporting country shall conduct the quarantine on the horses for export in compliance with the following conditions:
- A. The horses for export shall be held in an export quarantine facility or an export quarantine place recognized by the veterinary authority of the government of the exporting country under the supervision of a veterinarian for at least 7 days prior to shipping.
  - B. The horses for export shall not be in contact with horses other than the ones for export to Korea during the export quarantine period.
  - C. The horses for export shall be healthy and free of clinical symptoms of infectious or contagious diseases, and the test results for external parasites shall be normal.
  - D. After the horses for export enter the quarantine place, the tests listed in Attachment 1 shall be conducted at a laboratory recognized by the government of the exporting country, and the test results shall be negative.
  - E. Fodder and bedding materials used during the quarantine or transportation shall be from the area where the horses for export were produced and sanitary.
  - F. The horses for export shall be conveyed by cages, vehicles, vessels, or aircrafts that have been disinfected by the method approved by the government of the exporting country, and they shall not be in contact with other animals that have not been quarantined during transportation.
4. When exporting the horses, the government of the exporting country shall issue an export health certificate in English that covers the following information to be presented to the Korean quarantine authority:
- A. Information stipulated in Article 2 – A, B, and C above.
  - B. Information stipulated in Article 3 (from A to F) above, and the information on the date, method and result of the tests conducted for each animal in accordance with Attachment 1. In the case of stallions vaccinated against EVA (mares for the mating test included), the following information is additionally to be provided in accordance with the conditions described in Attachment 2:

- (1) Pre-vaccination test: date of blood sampling, date, method and result of the test
- (2) Post-vaccination test: date of blood sampling, date, method, and result of the test (for each test)
- (3) Mating test
  - (A) Pre-mating test: date of blood sampling, date, method, and result of the test
  - (B) Post-mating test: date of mating, date of blood sampling, date, method, and result of the test, and clinical symptoms of the mares until the completion of the quarantine.
- C. Names and addresses of the consignor and the consignee
- D. Identification number, sex and age of the horse for export
- E. If vaccinated, the type of the vaccine and the date of vaccination
- F. Name and address of the export quarantine facility or the export quarantine place, and the quarantine period

#### Additional Clause

- 1 (Enforcement date) This notification goes into effect immediately.
- 2 (Temporary measure on the horses previously reported and the horses from Australia) For the horses that were previously reported to the Director General of the National Veterinary Research and Quarantine Service (NVRQS) in accordance with Article 35 Clause 1 of the Livestock Epidemics Prevention and Control Act and the horses imported from Australia after the enforcement of this notification, the old MAFF Notification No. 88-27 (October 31, 1988) shall apply.

#### Diseases for Tests and Test Methods

Name of Disease	Test Method	
	If the Disease Occurs in the Country:	If the Disease Does Not Occur in the Country:
Equine influenza, Equine Japanese encephalitis, Equine rhinopneumonitis, Getah virus infection	Vaccination recommended	Vaccination recommended
Tetanus	Antiserum inoculation recommended within 7 days of shipping	Antiserum inoculation recommended within 7 days of shipping

African horse sickness	AGID test: negative	AGID test: negative; OR Certification of no outbreaks of the disease for the past 2 years in the exporting country
Dourine	CF test: negative	CF test: negative; OR Certification of no outbreaks of the disease for the past 2 years in the exporting country
Glanders	CF test or Mallein test: negative	CF test or Mallein test: negative; OR Certification of no outbreaks of the disease for the past 2 years in the exporting country
Equine vesicular stomatitis	SN test: negative	SN test: negative; OR Certification of no outbreaks of the disease for the past 2 years in the in the exporting country
Venezuelan equine encephalitis	HI test or CF test: negative	HI test or CF test: negative; OR Certification of no outbreaks of the disease for the past 2 years in the exporting country
Equine encephalomyelitis (EEE and WEE)	- Unvaccinated horses: HI test or CF test: negative;  - Vaccinated horses ( the horses vaccinated with inactivated vaccines only): HI test or CF test; 2 tests 2 weeks apart with no rise in titer.	HI test or CF test: negative; OR Certification of no outbreaks of the disease for the past 2 years in the exporting country
Equine infectious anaemia	AGID test: negative	AGID test: negative; OR Certification of no outbreaks of the disease for the past 2 years in the exporting country

<p>Equine piroplasmiasis (B. equi, B. caballi)</p>	<p>CF test or fluorescent antibody test: negative</p>	<p>Serological test: negative; OR Certification of no outbreaks of the disease for the past 2 years in the exporting country</p>
<p>Equine viral arteritis</p>	<p>SN test: negative (vaccinated stallions are excluded)</p>	<p>SN test: negative; OR Certification of no outbreaks of the disease for the past 2 years in the exporting country (vaccinated stallions are excluded)</p>
<p>Salmonella abortus equine</p>	<p>Serum agglutination test: negative</p>	<p>SA test: negative; OR Certification of no outbreaks of the disease for the past 2 years in the exporting country</p>
<p>Equine Influenza, Equine Japanese Encephalitis, Getah virus infection, Contagious equine metritis, Rabies, Horse pox, Mange, Surra, Strangles, Pseudoglanders, Equine rhinopneumonitis</p>	<p>No clinical evidence of these diseases at examination or negative results to the tests conducted by the government of the exporting country.</p>	
<p>West Nile Fever</p>	<p>Serological test (in accordance with the test method designated by the government of the exporting country such as ELISA); negative; OR If the horses for export have not been vaccinated with West Nile Virus (WNV) inactivated vaccine in the past: Two vaccination at an interval of 21-42 days with WNV inactivated vaccine within 1 year of shipping; OR If the horses for export have been vaccinated with WNV inactivated vaccine in the past: One vaccination with WNV inactivated vaccine within 1 year of shipping.</p>	

**Test Requirements for Stallions Vaccinated against EVA in the Exporting Country**

Stallions vaccinated against EVA shall meet the requirements shown below.

#### Pre-vaccination Test

1. The government of the exporting country shall take blood samples from the stallions immediately before the vaccination and conduct the SN test at the serum dilution rate of 1:4, and confirm that the test results are negative.

#### Post-vaccination Test

2. 3 blood samples (one at the farm and two at the export quarantine facility before shipping) shall be taken from the vaccinated stallions. There shall be no significant rise (4 times) or drop as a result of the SN test conducted on the 3 serums at the same time. The interval between taking blood samples shall be at least 14 days, and the 3<sup>rd</sup> blood sample shall be taken within 10 days of shipping.
3. (Mating test for vaccinated stallions) Mating tests shall be conducted for vaccinated stallions. Two mares to be used for the mating test shall meet the import health requirements for horses to Korea. The mares shall be isolated in the export quarantine facility with the vaccinated stallions for 30 days prior to shipping, and they shall be negative as a result of the following tests:

(Pre-mating test): Before the mares for the mating test enter the export quarantine facility, blood samples shall be taken from them. An SN test at the serum dilution rate of 1:4 shall be conducted, and the test result shall be negative.

(Post-mating test): During the 30 days of the export quarantine, the two mares for the mating test shall be mated with the vaccinated stallions twice a day for two days. Blood samples shall be taken from the two mares, on the 14<sup>th</sup> day and the 28<sup>th</sup> day after the last mating, and results of the SN test conducted at the serum dilution rate of 1:4 shall be negative.

No symptoms of EVA shall be found in the two mating mares during the 30 days of the export quarantine.

## Section V1. Key Contacts and Further Information

For further information contact:

Agricultural Trade Office, American Embassy

Unit #15550, APO AP 96205-5550

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