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Report Highlights:

The outbreak in Korea of Novel Corona Virus 2019 (COVID 19) in January 2020, is creating significant economic headwinds, reducing demand for animal protein. The fall 2019 outbreak of African Swine Fever (ASF) remains largely contained in Korea, with no new detections in commercial herds since October 9. Consumer concerns related to pork safety and ASF combined with continued herd expansion have driven pork prices lower than expected, reducing opportunities for international exporters. The domestic cattle herd is also expanding and beef production growing, limiting the demand for imported beef.

EXPLANATORY NOTES

Conversion Rates:

As a result of continuous efforts to improve data reliability, the "New Post" trade forecasts in this report reflect new conversion rates. Historical data revisions (from 2005 onward) will be published on April 9th in the PSD database (http://www.fas.usda.gov/psdonline).

Beef and Veal Conversion Factors		
Code	Description	Conversion Rate*
020110	Bovine carcasses and half carcasses, fresh or chilled	1.0
020120	Bovine cuts bone in, fresh or chilled	1.0
020130	Bovine cuts boneless, fresh or chilled	1.36
020210	Bovine carcasses and half carcasses, frozen	1.0
020220	Bovine cuts bone in, frozen	1.0
020230	Bovine cuts boneless, frozen	1.36
021020	Bovine meat salted, dried or smoked	1.74
160250	Bovine meat, offal nes, not livers, prepared/preserve	1.79
* Exception		
Argentina - Exports of HS 160250 are excluded.		

Pork Conversion Factors		Conversion factor
HS Code	Description	(T to CWE)
020311	Carcasses/half-carcasses, fr/ch	1.00
020312	Bone-In hams, shoulders and cuts thereof, fr/ch	1.00
020319	Other pork cuts, fr/ch	1.30
020321	Carcasses/half-carcasses, frozen	1.00
020322	Bone-In hams, shoulders and cuts thereof, frozen	1.00
020329	Other pork cuts, frozen	1.30
021011	Bone-In hams, shoulders and cuts thereof, processed	1.10
021012	Bellies (streaky) and cuts thereof, processed	1.20
021019	Other meat of swine, processed	1.16
160241	Hams and cuts thereof, prep/pres	1.30
160242	Shoulders and cuts thereof, prep/pres	1.30
160249	Other meat of swine including mixtures, prep/pres	1.30

Technical Note

The definition of Carcass Weight Equivalent/Product Weight Equivalent remains the same. All quantities (beef and pork) noted are in Carcass Weight Equivalent (CWE) unless otherwise noted as Product Weight Equivalent (PWE). CWE is the weight of an animal after slaughter and removal of internal organs, head, and skin. PWE is the actual weight of the meat product exported.

Cattle

Production

Calf production numbers continued to increase throughout 2019 as farmers took advantage of high cattle prices. Although there was some fluctuation on a month by month basis, steer prices have shown an upward trend since May 2017. The average annual steer price increased 3.6 percent in 2018 over the annual average price of 2017. However, the annual 2019 average steer price was 11.1 percent higher than that of the average 2018 annual price. Continued high steer prices encouraged farmers to maintain their cow herd as can be seen by the cow slaughter rates of 45.3 percent in 2018 and 2019, compared to 46.3 percent in 2017. Intentions to increase herd size is further proven by the number of semen sales. Semen sales during the period March 2019 to December 2019, which reflects calf production in 2020, increased by 5.9 percent over the same period a year ago. As semen sales for January – February 2020 are not yet available, it remains to be seen what the total annual semen sales will be but just based on the first ten months of semen sales that will impact calf production in 2020, it is clear that farmers are planning to continue to increase calf production in 2020. The Korea Rural Economic Institute is projecting that the number of native Korean cattle, Hanwoo, will continue to increase up to the year 2029.

High inventory that has led to higher slaughter numbers for 2019 will continue to increase in 2020 as more cattle are brought for slaughter. However, given the forecast for a poor economy in 2020, due to the COVID-19 phobia, it remains to be seen if domestic beef cattle can continue to enjoy high market demand in 2020. Since the first positive case of COVID 19 in Korea on January 20, 2020, the overall economy has plummeted as more positive cases continue to be detected.

The gloomy economic situation caused by COVID 19 will not impact total calf production in 2020 as the semen sales that impact 2020 calf production were almost complete by the time COVID 19 began to spread in Korea and started to impact the economy. The semen sales after March 2020 will reflect the impact on calf production caused by the virus phobia.

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

Month	2015	2016	2017	2018	2019	Change (Percent) 1/
Jan	120	123	141	134	138	103.0
Feb	115	99	47	119	48	40.3
Mar	136	149	176	166	207	124.7
Apr	148	145	158	55	196	356.4
May	138	141	160	237	195	82.3
Jun	222	204	211	233	196	84.1
Jul	229	199	229	223	231	103.6
Aug	162	181	170	195	183	93.9
Sep	202	167	214	189	183	96.8
Oct	162	156	180	179	185	103.4
Nov	153	134	148	151	192	127.2
Dec	140	137	122	174	141	81.0
Total	**1,927**	**1,835**	**1,956**	**2,055**	**2,095**	**102.0**

Source: GS&J and KREI

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

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

Table 2: Live Hanwoo Beef Cattle Prices (Thousand won / head)

Month	Calf						Cow			Steer		
	Female			Male								
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Jan	2114	2563	2453	2681	3105	3021	5341	5599	5685	4995	4696	5422
Feb	2390	2292	3097	2578	3206	3217	5456	5546	5685	5018	4675	5451
Mar	2348	2577	3290	3160	3233	3307	5475	5729	5619	4997	4640	5495
Apr	2587	2712	2691	3444	3129	3227	5342	5720	5613	4690	4517	5420
May	2821	2836	2830	3708	3361	3337	5293	5655	5477	4561	4711	5276
Jun	2480	2903	2771	3739	3502	3562	5330	5608	5558	4504	4712	5685
Jul	2445	2791	3059	3601	3278	3577	5271	5551	5605	4582	4814	5022
Aug	2409	2667	2850	3445	3064	3341	5438	5654	5482	4610	4893	5457
Sep	3116	2860	2941	3563	3287	3570	5378	5608	5589	4721	4913	5556
Oct	2715	2656	2158	3589	3463	3742	5537	5792	5686	4604	5368	5644
Nov	2675	2858	2611	3424	3350	3420	5574	5750	5863	4915	5551	5559
Dec	2799	2779	2733	3296	3014	3412	5581	5691	5890	4899	5670	5727

Source: National Agricultural Cooperative Federation

(Exchange rate US$1 = 1,187.5 won (As of February 4, 2020)

Table 3: Monthly Cattle Slaughter Trend

Year	Month	Cow		Bulls/steers		Total	
		Head	Percent of total	Head	Percent of total	Sub-total	Percent of annual
2017	Jan	45,257	43.9	57,946	56.1	103,203	11.8
	Feb	22,137	43.4	28,819	56.6	50,956	5.8
	Mar	30,878	47.0	34,794	53.0	65,672	7.5
	Apr	33,938	47.5	37,489	52.5	71,427	8.2
	May	31,097	48.1	33,493	51.9	64,590	7.4
	Jun	30,405	48.3	32,482	51.7	62,887	7.2
	Jul	30,483	49.4	31,224	50.6	61,707	7.1
	Aug	36,606	47.1	41,117	52.9	77,723	8.9
	Sep	55,394	47.5	61,200	52.5	116,594	13.3
	Oct	24,123	43.9	30,773	56.1	54,896	6.3
	Nov	31,127	44.2	39,227	55.8	70,354	8.1
	Dec	33,216	45.2	40,258	54.8	73,474	8.4
	Total	**404,661**	**46.3**	**468,822**	**53.7**	**873,483**	**100.0**
2018	Jan	45,429	42.4	61,777	57.6	107,206	12.4
	Feb	30,020	45.0	36,772	55.0	66,792	7.7
	Mar	26,613	46.0	31,248	54.0	57,861	6.7
	Apr	32,132	46.0	37,788	54.0	69,920	8.1
	May	32,467	47.7	35,604	52.3	68,071	7.9
	Jun	28,381	47.8	30,960	52.2	59,341	6.8
	Jul	31,488	49.1	32,667	50.1	64,155	7.4
	Aug	33,441	44.8	41,195	55.2	74,636	8.6
	Sep	41,441	46.6	47,515	53.4	88,956	10.3
	Oct	29,796	43.3	39,060	56.7	68,856	7.9
	Nov	28,653	44.1	36,260	55.9	64,913	7.5
	Dec	33,146	43.5	42,992	56.5	76,138	8.8
	Total	**393,007**	**45.3**	**473,838**	**54.7**	**866,845**	**100.0**
2019	Jan	52,251	43.9	66,728	56.1	118,979	13.4
	Feb	17,903	43.9	22,863	56.1	40,766	4.6
	Mar	27,865	46.5	32,012	53.5	59,877	6.8
	Apr	34,257	48.1	36,975	51.9	71,232	8.0
	May	30,776	48.2	33,011	51.8	63,787	7.2
	Jun	28,534	48.3	30,524	51.7	59,058	6.7
	Jul	34,034	48.4	36,260	51.6	70,294	7.9
	Aug	45,212	44.9	55,423	55.1	100,635	11.4
	Sep	31,271	45.6	37,288	54.4	68,559	7.7
	Oct	31,868	42.9	42,454	57.1	74,322	8.4
	Nov	28,882	42.9	38,516	57.1	67,398	7.6
	Dec	38,923	42.5	52,774	57.5	91,697	10.3
	Total	**401,776**	**45.3**	**484,828**	**54.7**	**886,604**	**100.0**

Source: Quarantine Inspection Agency

PS&D

Animal Numbers, Cattle	2018			2019			2020		
Market Begin Year	Jan 2018			Jan 2019			Jan 2020		
Korea, Republic of	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Total Cattle Beg. Stks	3429	3429	3429	3521	3488	3521	3629		3619
Dairy Cows Beg. Stocks	319	319	319	318	315	318	313		317
Beef Cows Beg. Stocks	1380	1380	1380	1434	1385	1434	1480		1489
Production (Calf Crop)	968	955	968	991	980	995	1028		1025
Total Imports	0	0	0	0	0	0	0		0
Total Supply	4397	4384	4397	4512	4468	4516	4657		4644
Total Exports	0	0	0	0	0	0	0		0
Cow Slaughter	393	399	393	396	407	402	418		409
Calf Slaughter	0	0	0	0	0	0	0		0
Other Slaughter	473	487	473	474	496	485	500		494
Total Slaughter	866	886	866	870	903	887	918		903
Loss and Residual	10	10	10	13	11	10	14		10
Ending Inventories	3521	3488	3521	3629	3554	3619	3725		3731
Total Distribution	4397	4384	4397	4512	4468	4516	4657		4644

Beef
Production

As farmers retained more cattle in anticipation of receiving higher prices throughout 2019 and even extended the marketing age from the average of 30 months to 32 months during the second half of 2019, the total slaughter number increased by 3.1 percent over the 2018 level. As the additional Hanwoo cattle in 2019 come onto the market in 2020, total Hanwoo beef supply will also increase in 2020. Increased supply along with a sluggish economy is expected to lower the wholesale price and support demand for native Korean beef.

Consumption

With higher domestic production of beef coming into the market in 2020 and with lower demand in the restaurant sector caused by the COVID 19, prices are expected to drop. Please refer to the table below and the consumption section in the pork section for the impact that COVID 19 has on overall meat consumption. Despite the increased supply of domestic beef, total beef consumption is expected to drop in 2020.

The following table shows the various change between the second week of January 2020 prior to the first positive case of COVID 19 against the third week of February 2020 when the virus was widely spread throughout the nation.

Table 4: Comparison of Consumption Since COVID 19

Sector	Sales in second week of January 2020 compared to the same week in 2019 (Prior to COVID 19)	Sales in Third week of February 2020 compared to the same week in 2019 (After COVID-19 is widely spread)
Department stores sale	+22.5	-20.6
Restaurants	+4.5	-14.2
Lodging	+2.7	-24.5
Total foreign visitors	+19.0	-48.1
Chinese tourist visitors	+31.1	-80.4
Convenience store sales	+7.4	+2.7

Source: Ministry of Strategy and Finance, Joongang Newspaper

As can be seen from the above table, the virus has had a negative impact on the overall economy in Korea. As consumers are afraid to dine out for fear of catching the disease, and companies cancel activities that involve large groups of people and also instruct their employees to telework, the only sector that is enjoying a boost in sales is the convenience stores that sell Home Meal replacement (HMR). This HMR and processed meat products is expected to continue to increase in 2020. Therefore, despite increased domestic Hanwoo beef production, imported beef use is projected to continue to grow and to be used in these HMR and processed meat products, due to its price competitiveness.

Table 5: Beef Purchase Intention Among Consumers in 2020 (United: Percent)

Description	Domestic Beef	Imported Beef
Will increase consumption	20.3	17.2
Will reduce consumption	9.8	11.3
No change	69.9	71.5
Total	100.0	100.0

Source: KREI

Table 6: Comparison of Average Retail Price for Beef Short Ribs and Pork Bellies (Won per 100 gram)

Origin	Quality	2017	2018	2019	Change in price		Price ratio over U.S. frozen beef		
					2018 over 2017	2019 over 2018	2017	2018	2019
Korean Hanwoo	Grade 1	5107	5223	5230	1.02	1.00	2.18	2.15	2.09
U.S. Beef	Chilled	2184	N/A	N/A	N/A	N/A	0.93	N/A	N/A
	Frozen	2339	2429	2508	1.04	1.03	1.0	1.0	1.0
Australian Beef	Chilled	2177	2268	2577	1.04	1.14	0.93	0.93	1.03
	Frozen	1978	2001	2190	1.01	1.09	0.85	0.82	0.87
Korean Chilled Pork Belly		2095	1935	1843	0.92	0.95	0.90	0.80	0.73
Imported Frozen Pork Belly		1082	1050	1025	0.97	0.98	0.46	0.43	0.41

Source: KAMIS

(Exchange rate US$1 = 1,187.5 won (As of February 4, 2020)

Table 7: Retail Prices for Beef Short Ribs (2017 – 2019) Unit: Won per 100 grams

Year	Month	Domestic Hanwoo (chilled)	U.S. A.		Australia	
		#1 Grade	Chilled	Frozen	Chilled	Frozen
2017	January	5,167	1,769	2,269	2,374	1,901
	February	5,034	2,187	2,290	2,413	1,918
	March	5,151	2,384	2,305	2,144	1,950
	April	5,202	2,299	2,313	2,361	1,999
	May	5,053	2,265	2,313	2,105	1,979
	June	5,144	2,291	2,338	2,144	2,014
	July	5,182	2,046	2,353	1,907	1,986
	August	5,056	2,326	2,361	2,038	1,986
	September	5,256	2,292	2,369	2,096	2,006
	October	5,020	2,358	2,379	2,325	2,002
	November	4,977	2,224	2,386	2,175	2,004
	December	4,988	1,740	2,398	2,098	1,995
2018	January	5,181	2,100	2,407	2,177	1,972
	February	5,211	1,800	2,445	2,144	1,961
	March	5,262	1,729	2,443	2,331	1,956
	April	5,243	2,157	2,451	2,283	2,036
	May	5,239	1,715	2,454	2,229	2,082
	June	5,069	-	2,456	2,211	2,085
	July	5,087	-	2,401	2,222	1,956
	August	5,170	-	2,384	2,270	1,981
	September	5,224	-	2,407	2,334	1,989
	October	5,260	-	2,435	2,399	2,000
	November	5,464	-	2,436	2,323	2,001
	December	5,254	-	2,436	2,284	2,005
2019	January	5,203	-	2,478	2,374	2,051
	February	5,126	-	2,506	2,500	2,085
	March	5,257	-	2,527	2,594	2,088
	April	5,361	-	2,499	2,484	2,104
	May	5,183	-	2,481	2,451	2,100
	June	5,107	-	2,459	2,391	2,154
	July	5,190	-	2,447	2,494	2,161
	August	5,159	-	2,502	2,657	2,238
	September	5,637	-	2,572	2,769	2,333
	October	-	-	2,576	2,986	2,320
	November	-	-	2,539	2,773	2,293
	December	-	-	2,515	2,472	2,357

Source: KAMIS
(Exchange rate US$1 = 1,187.5 won (As of February 4, 2020)

Trade

The U.S. continued to be the largest supplier of imported beef in 2019. This is largely due to the U.S. meat industry's efforts to increase consumers' confidence level in U.S. beef and competitive U.S product pricing coupled with a shortage of Australian beef supplies. Australia is also subject to an Agricultural Safeguard (ASG) under the Korea-Australia FTA. In 2020, the trigger level for beef is set at 174,087 MT, with a safeguard duty of 30 percent, compared to the FTA duty of 21.3 percent. Once it reaches the trigger level, Australia focuses on exporting chilled products that can be somewhat price competitive after paying the high safeguard duty. Normally, Australia reaches its ASG level in November.

Imported beef will be hit the hardest by the drop in beef consumption coming from COVID 19. Not only will the increased domestic beef production hinder consumption of imported beef, the drop in restaurant sales and institutional use where imported beef is largely competitive is expected to suffer from low sales, in turn resulting in lower demand for imported beef. Although HMR demand is expected to increase as consumers choose to dine at home rather than eating out for fear of catching the virus, the portion of imported beef in this sector is about ten percent of total beef consumption. Restaurant and catering use which account for more than half of total imported beef consumption has been hit hard by the virus phobia and as a result, imported beef volume is projected to drop slightly. U.S. beef may maintain its current level as it continues to take Australian market share, given the supply shortages and high prices resulting from the droughts and wild fires.

Table 8: Korea: Beef Imports (Thousand dollars and metric tons)

Country	Annual 2017		Annual 2018		Annual 2019	
	Value	Volume	Value	Volume	Value	Volume
United States	1,177,257	177,445	1,548,038	210,613	1,745,507	245,729
Australia	957,885	172,803	1,012,539	176,335	1,038,788	177,806
New Zealand	84,585	18,810	90,520	19,732	71,505	16,015
Mexico	7,126	1,932	15,322	3,665	29,517	6,791
Canada	24,364	5,174	18,390	3,457	32,312	5,921
Uruguay	11,753	2,559	6,937	1,417	5,245	1,068
Chile	2,469	604	2,405	555	2,178	502
Others	273	88	436	106	1,131	223
Total	2,265,712	379,415	2,694,587	415,880	2,926,183	454,055

Source: GTA
Product weight equivalent basis
Includes HS 0201 (fresh/chilled), HS 0202 (frozen), HS 021020 and 160250 (processed beef products)

Table 9: Wholesale price competitiveness of U.S. Beef against Australian Beef

Category	Country	Unit	2019	2020 (P)	2021(P)	2024(P)	2029(P)
Exchange rate	Country	Won / US dollar	1,164	1,168	1,169	1,172	1,166
Import duty	U.S.A.	Percent	18.7	16.0	13.3	5.3	0
	Australia		24.0	21.3	18.7	16.0	0
Import price	U.S.A.	U.S. dollar / Kg.	7.4	9.4	9.2	9.0	9.9
	Australia		5.8	7.4	7.2	7.1	7.8
Wholesale price	U.S.A.	Won / Kg.	11,762	14,580	14,005	12,795	13,346
	Australia		9,605	11,917	11,552	10,591	10,475

* (P) Data for 2020 – 2029 are projection.
Source: KREI

Table 10: 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 7th year of phase out)	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 (In its 4th year of phase out)
	Base duty	40%	40%	40%
	Applicable duty in 2020	16.0%	21.3%	24.0%
	Applicable duty in 2021	13.3%	18.6%	21.3%
	Applicable duty in 2022	8.0%	16.0%	18.6%
	Applicable duty in 2023	5.3%	13.3%	16.0%

PS&D

Meat, Beef and Veal	2018			2019			2020		
Market Begin Year	Jan 2018			Jan 2019			Jan 2020		
Korea, Republic of	USDA Officia	Old Post	New Post	USDA Officia	Old Post	New Post	USDA Officia	Old Post	New Post
Slaughter (Reference)	866	886	866	870	903	887	918	0	903
Beginning Stocks	7	7	7	15	11	11	13	0	15
Production	279	285	279	280	290	286	295	0	291
Total Imports	582	555	515	610	560	563	625	0	550
Total Supply	868	847	801	905	861	860	933	0	856
Total Exports	0	1	1	0	1	1	0	0	1
Human Dom. Consumpt	853	835	789	892	845	844	920	0	840
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumptio	853	835	789	892	845	844	920	0	840
Ending Stocks	15	11	11	13	15	15	13	0	15
Total Distribution	868	847	801	905	861	860	933	0	856

Swine

Production

The detection of the first case of African Swine Fever (ASF) in Korea was found in a commercial farm on September 17, 2019. Thanks, however, to aggressive quarantine control measures put in place to prevent further spread of the disease, there have been no further positive cases found in commercial farms since the last case on October 9, 2019. A total of 380,821 head were culled to prevent ASF from spreading. Korea continues to find positive cases in wild boar within a relatively wide monitoring zone set up along the Demilitarized Zone (DMZ). The government has not allowed the cull-site farms to repopulate due to concerns of providing a habitat for ASF. Although the direct impact of ASF on total herd size was minimal, it has had a dampening effect on pork consumption as shoppers voice scientifically-unjustifiable concern about pork safety.

In addition to lower demand for pork caused by fear of ASF, total swine inventory peaked in September 2019. Lower demand and higher supply caused pork wholesale prices to fall below 4,000 Korean won/kg., during the October 2019 to February 2020 period (exchange rate US$1 = 1,187.5 won--as of February 4, 2020). A wholesale price of 4,000 won/kg. is considered the breakeven point for swine farmers.

Farmers are asking the government to procure domestic pork and take it off the market to support farmers that are suffering from low wholesale prices. To date, the government is against public procurement, citing its belief that that low hog prices are due to high hog numbers. Farmers are gathering efforts to drop the sow inventory 100,000 head to control the total herd size by August 2020, but it remains to be seen whether they can achieve this goal. The government is supporting this effort by allocating government support to farmers that participate in the sow reduction program. Regardless of the success of the sow reduction plan, total herd size is expected to come down in 2020 due to the low hog prices.

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

Month	2017	2018	2019
January	358	325	273
February	362	347	265
March	374	343	318
April	415	375	369
May	425	391	351
June	485	438	354
July	456	432	344
August	476	408	353
September	457	414	404
October	361	330	265
November	380	310	313
December	367	303	282
Annual average	417	368	285

Source: NACF

Exchange rate US$1 = 1,187.5 won (As of February 4, 2020)

The pig crop increased in 2019 due to higher sow numbers and favorable weather conditions compared to 2018. Also, the number of PRRS cases remained fairly low compared to previous years. The number of PED cases also dropped to about 60 percent of the 2018 level. So far, ASF remains under control as there have not been any outbreaks in commercial farms since October 9, 2019. As Korean farmers try to lower sow numbers in 2020 to address low hog prices, total piglet production in 2020 is projected to drop, resulting in lower year-end total inventory.

Table 12: Number of Porcine Disease Outbreak Cases

Disease	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Number of Cases								
PED	5	1	12	169	94	82	77	221	137
PRRS	44	47	69	47	44	40	20	29	29

Source: APQA

Table 13: Number of Sows and Swine by Age (Thousand head)

Year	Month	Sow 1/	Number of swine by age				
			Under 2 month	2-4 month	4-6 month	6-8 month	Over 8 month
2013	Mar	973	3089	3109	2882	112	914
	Jun	952	3116	3161	2904	98	902
	Sep	897	3078	3196	2972	88	854
	Dec	895	2940	3130	2900	99	844
2014	Mar	910	2921	3000	2805	112	859
	Jun	925	2934	2980	2789	113	864
	Sep	925	3011	3102	2876	115	861
	Dec	937	3043	3108	2949	120	869
2015	Mar	940	3094	2992	2898	110	877
	Jun	948	3116	3085	2827	111	879
	Sep	943	3155	3191	2993	118	876
	Dec	958	3110	3128	2957	105	886
2016	Mar	968	3210	3183	2922	105	896
	Jun	981	3238	3124	2980	108	905
	Sep	984	3313	3238	3100	104	914
	Dec	974	3216	3099	3041	109	901
2017	Mar	1045	3422	3284	3215	120	963
	Jun	1062	3473	3391	3222	135	966
	Sep	1052	3534	3508	3365	118	969
	Dec	1058	3438	3362	3374	124	974
2018	Mar	1058	3488	3279	3302	113	974
	Jun	1069	3545	3411	3252	116	981
	Sep	1063	3619	3598	3313	139	971
	Dec	1063	3508	3474	3248	131	972
2019	Mar	1063	3512	3434	3160	116	977
	Jun	1070	3554	3468	3196	122	977
	Sep	1063	3660	3586	3374	117	976
	Dec	1026	3497	3453	3257	132	941

Source: Korea Statistics Administration
1/ Swine over eight months are sows and part of the swine herd that are 6-8 months old are sows.
2/ Sow numbers are based on the first day of each month and may not match with PS&D sow numbers, which are based on Dec, 31.
3/ The Korea Statistics Administration changed the data basis from sampling basis to traceability numbers from April 2018 and swine numbers have been updated based on traceability numbers from the March 2017 data.

Table 14: Monthly Swine Slaughter

Year	Month	Slaughter number (heads)		
		Total	Gilt/Sows	Boar
2017	Jan	1,371,397	662,551	708,846
	Feb	1,392,944	677,071	715,873
	Mar	1,508,216	728,723	779,493
	Apr	1,344,793	646,629	698,164
	May	1,369,589	663,190	706,399
	Jun	1,303,829	633,238	670,591
	Jul	1,165,254	567,688	597,566
	Aug	1,336,378	645,334	691,044
	Sep	1,567,964	747,909	820,055
	Oct	1,309,810	629,713	680,097
	Nov	1,602,937	782,337	820,600
	Dec	1,454,771	710,141	744,630
	Total	**16,727,882**	**8,094,524**	**8,633,358**
2018	Jan	1,600,818	776,285	824,533
	Feb	1,358,197	658,318	699,879
	Mar	1,467,841	710,139	757,702
	Apr	1,465,140	696,957	768,183
	May	1,443,726	677,326	766,400
	Jun	1,300,789	607,232	693,557
	Jul	1,292,104	607,214	684,890
	Aug	1,300,137	636,012	664,125
	Sep	1,263,318	609,171	654,147
	Oct	1,687,322	813,605	873,717
	Nov	1,663,459	799,285	864,174
	Dec	1,526,181	735,134	791,047
	Total	**17,369,032**	**8,326,678**	**9,042,354**
2019	Jan	1,733,052	834,167	898,885
	Feb	1,301,415	626,677	674,738
	Mar	1,436,185	691,346	744,839
	Apr	1,489,680	716,442	773,238
	May	1,482,836	714,009	768,827
	Jun	1,278,971	613,222	665,749
	Jul	1,475,724	714,233	761,491
	Aug	1,393,022	673,612	719,410
	Sep	1,241,562	598,812	642,750
	Oct	1,712,780	820,120	892,660
	Nov	1,650,646	790,392	860,254
	Dec	1,629,376	784,669	844,707
	Total	**17,825,249**	**8,577,701**	**9,247,548**

Source: APQA

Table 15: Pork Wholesale Prices

Month / Year	2014	2015	2016	2017	2018	2019
	Won per kilogram					
January	3462	4590	4396	4582	3853	3241
February	3903	4717	3920	4536	4114	3143
March	4653	4657	4246	4710	4063	3768
April	4692	5044	4461	5153	4439	4370
May	4902	5845	4969	5222	4635	4159
June	5771	5623	5437	5751	5192	4200
July	5064	5664	4881	5528	5120	4076
August	5150	5472	4829	5643	4838	4179
September	4936	4840	4970	5421	4909	4791
October	4755	4313	4415	4281	3911	3143
November	5415	4745	4540	4507	3675	3705
December	4890	4361	4335	4345	3597	3341

Source: KMTA Exchange rate US$1 = 1,187.5 won (As of February 4, 2020)

PS&D

Animal Numbers, Swine	2018			2019			2020		
Market Begin Year	Jan 2018			Jan 2019			Jan 2020		
Korea, Republic of	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Total Beginning Stocks	11273	10600	11273	11333	0	11333	11090	0	11280
Sow Beginning Stocks	1058	998	1058	1063	0	1063	1055	0	1026
Production (Pig Crop)	19118	19200	19118	19530	0	19889	19415	0	19196
Total Imports	2	3	2	1	0	1	1	0	2
Total Supply	30393	29803	30393	30864	0	31223	30506	0	30478
Total Exports	0	0	0	0	0	0	0	0	0
Sow Slaughter	0	0	0	0	0	0	0	0	0
Other Slaughter	17369	17200	17369	17656	0	17825	17430	0	17615
Total Slaughter	17369	17200	17369	17656	0	17825	17430	0	17615
Loss and Residual	1691	1726	1691	2118	0	2118	1696	0	1715
Ending Inventories	11333	10877	11333	11090	0	11280	11380	0	11148
Total Distribution	30393	29803	30393	30864	0	31223	30506	0	30478

Pork
Production

Note: Please refer to the explanatory notes in the cattle section for conversion rates.

Total 2019 slaughter increased by 2.6 percent over the 2018 level as farmers sold off their herd that had peaked in September 2019. As farmers increased the number of hogs put out for slaughter, wholesale prices dropped below the conventionally assumed cost of production starting in October 2019. Farmers will continue to reduce their total herd size in 2020 but as it takes ten months (114 days of pregnancy plus six months of feeding) for farmers to react to price changes, total slaughter will gradually come down throughout 2020, resulting in a slight drop in pork production over the 2019 level.

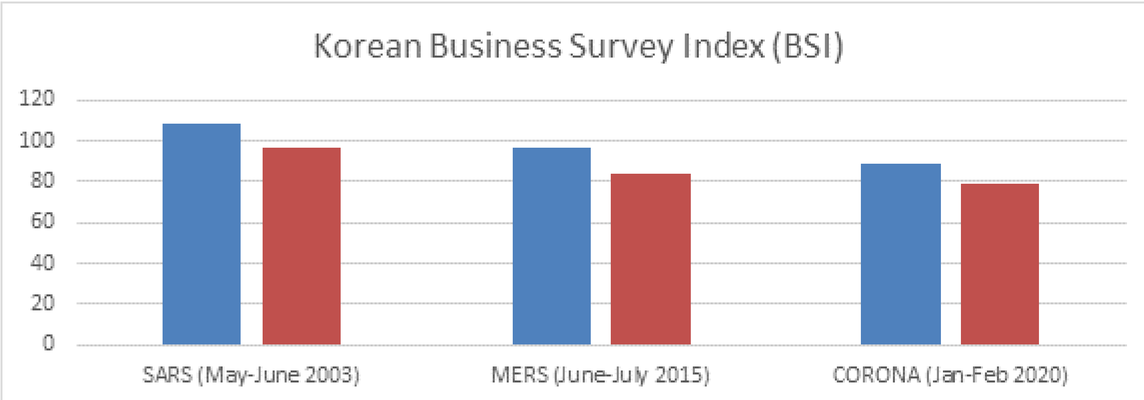
Consumption

The key theme to watch for pork demand in 2020 is the sudden drop in pork consumption caused by the corona virus (COVID 19) that has had a chilling effect on overall pork consumption. Consumption that had dropped due to the ASF cases in late 2019 did not have time to recover before it was hit again by the ongoing COVID 19 incident.

In general, 50 percent of meat consumption in Korea is through restaurants, 30 percent through retail stores and 20 percent through institutional use. Although the retail sector is maintaining similar levels of sales, the restaurant sector that accounts for half of the meat consumption has been hit hard by COVID 19. According to a survey conducted by the Korea Restaurant Association, the number of customers coming to restaurants dropped 32.7 percent during the first month after the first case of COVID 19. Room occupancy rates at major hotels have dropped to 20 percent from an average of 80-85 percent occupancy rate, due to a drop in tourists and businesspeople visiting Korea. Schools have postponed the opening of the new semester for at least 3 weeks, which affects school lunch programs. Many companies are cancelling trade shows and market promotion events and choosing to have their employees telework to prevent the disease from spreading. These measures have had a negative impact on the catering business. The Home Meal Replacement (HMR) sector is enjoying an increase in demand as people choose to eat at home.

The Korea Economic Research Institute (KERI) reported on February 24 that its Business Survey Index (BSI) for February 2020 dropped to 78.9 (down 7.6 point from January), the lowest level since February 2009. KERI said the monthly decline in the BSI due to COVID 19 was smaller than during SARS in 2003 (down 11.7 point) and MERS in 2015 (down 12.1 point). However, KERI stressed that the BSI may decline further in March if the coronavirus continues to spread. KERI's BSI is based on a survey of 600 leading businesses in the market.

Table 16 Impact on Economy due to Disease Outbreaks



Source: Korea Economic Research Institute (KERI) www.keri.org

As can be seen form the following table, novel viruses have historically had an impact for a minimum of 5-6 months and therefore we project that COVID 19 will affect overall meat consumption through the first half of 2020, if not longer.

Table 17 Korea: Outbreak of Major Diseases

	SARS	Novel swine origin influenza (H1N1)	MERS	COVID-19
Period when Korea was affected by disease	Nov., 2002 – Jul., 2003	April 2009 – August 2010	May – Dec., 2015 / September – October 2018	Late January – Current (as of March 5, 2020)
# of confirmed patients	3	759,678	186	5,766
Death toll	0	263	38	41

Source: USMEF/Seoul

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

Year	Sausage	Ham	Bacon	Canned meat and other processed meat products
2012	56,470	61,425	5,856	39,483
2013	65,667	62,332	6,710	46,637
2014	67,512	59,778	7,268	50,885
2015	65,447	61,345	8,440	47,230
2016	70,597	64,660	9,265	56,270
2017	77,542	64,620	10,325	58,713
2018	77,158	63,158	10,832	63,723
2019	83,043	61,182	11,361	58,003

Source: Korea Meat Industry Association

Trade

Pork imports that largely went for processing purposes soared in 2018 but somewhat stabilized in 2019 and will continue to do so in 2020. This situation is the result of high imported pork inventories brought in for processing that are still in storage as demand did not increase as much as the increase in imports. Higher import prices for pork and low domestic pork prices will keep imports low in 2020.

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

Month	2017	2018	2019
	U.S. dollars per metric ton		
January	4,260	3,808	3,466
February 1/	13,316	4,381	2,108
March	4,549	4,350	2,101
April	4,229	3,482	2,706
May 1/	17,881	3,294	2,319
June	4,799	3,609	2,950
July	4,202	4,158	3,448
August	4,393	2,854	2,641
September 1/	1,550	2,275	N/A
October 1/ 2/	2,946	2,208	19,000
November	4,327	2,638	2,311
December	4,225	3,559	2,027
Average (excluding the months marked with 1/ for 2017 and 2/for 2019)	4,373	3,385	2,608

1/ There were small sample sized imports in these months and therefore the average price is not commercially valid.
Source: GTA and Korea Customs Service

Tenderloins and loins are used for producing pork cutlets and sweet and sour pork. Picnics and hams are for producing processed meat products, and collar butt, single rib belly, and ribs are used for household sales. As can be seen from the table, the lion's share of the 2019 import drop came from a drop in picnics. This was due to lower processed meat production in 2019. Imports of the most popular retail cut (single rib belly) also dropped during this period. The mandatory reduction in the official work week (to 52 hours) over the last 18 months has changed Korea's work place culture. People choose to go home and spend time with their families rather than going out for a drink and a meal with office co-workers after finishing their office work late in the evening. The surge in ham imports is due to high domestic prices during the April - September 2019 period while ham prices dropped in the United States during this period.

Table 20: Pork Imports by Cuts Unit: MT and percent

Cut		2017 (A)	2018 (B)	2019 (C)	(B) / (A)	(C) / (B)
Chilled	Tenderloin	0	0	0	N/A	N/A
	Loin	3	1	7	0.33	7.00
	Collar butt	7,228	7,130	6,604	1.01	0.93
	Picnic	195	440	448	2.26	1.02
	Ham	0	6	0	N/A	N/A
	Single rib belly	14,831	16,264	14,173	1.10	0.87
	Rib	7	0	1	N/A	N/A
Frozen	Tenderloin	13	8	3	0.62	0.38
	Loin	1,951	13,858	15,933	7.10	1.15
	Collar butt	30,401	42,715	59,290	1.41	1.39
	Picnic	147,332	197,047	152,029	1.34	0.77
	Ham	1,952	5,645	9,555	2.89	1.69
	Single rib belly	157,300	168,564	150,650	1.07	0.89
	Rib	6,375	10,081	10,756	1.58	1.07
	Other	1,629	1,762	1,893	1.08	1.07
TOTAL		369,217	463,521	421,342	1.26	0.91

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

Table 21: Price competitiveness of U.S. Pork against EU Pork

Category	Country	Unit	2019	2020 (P)	2024 (P)	2029 (P)
Exchange rate		Won / US dollar	1,164	1,168	1,172	1,166
Import duty	U.S.A.	Percent	0.0	0.0	0.0	0.0
	EU		4.5	2.3	0.0	0.0
	Other		7.3	7.3	7.3	7.3
Import price	U.S.A.	U.S. dollar / Kg.	2.65	3.19	2.58	2.30
	EU		3.12	3.75	3.04	2.70
	Other		3.09	3.71	3.01	2.68
Wholesale price	U.S.A.	Won / Kg.	3,568	4,302	3,500	3,099
	EU		4,375	5,165	4,113	3,642
	Other		4,435	5,348	4,351	3,853

* (P) Data for 2020 – 2029 are projection. (Exchange rate US$1 = 1,187.5 won (As of February 4, 2020)
Source: KREI

Table 22: Korea: Pork Imports Unit: Thousand dollars and Metric Tons

Country	Annual 2017		Annual 2018		Annual 2019	
	Value	Volume	Value	Volume	Value	Volume
United States	430,925	157,087	563,547	202,419	537,739	189,432
Germany	380,223	110,451	363,025	117,694	343,108	109,868
Spain	178,065	60,936	240,033	76,405	263,659	77,560
Chile	115,196	27,410	127,532	31,528	116,718	30,695
Canada	96,666	35,090	118,711	39,440	127,874	43,475
Netherlands	83,809	22,243	89,239	26,410	70,545	20,396
Austria	65,284	17,058	58,642	16,869	48,612	13,544
Mexico	57,044	15,340	52,024	14,535	41,601	11,694
Denmark	47,002	17,228	50,137	17,915	39,048	15,111
Belgium	36,807	9,626	38,998	10,758	3,390	927
France	31,149	7,285	34,305	8,111	22,394	5,374
Hungary	17,508	4,358	11,647	3,223	538	180
Others	30,935	12,330	35,846	14,129	39,616	15,976
Total	1,570,613	496,442	1,783,686	579,436	1,654,842	534,232

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)

PS&D

Meat, Swine	2018			2019			2020		
Market Begin Year	Jan 2018			Jan 2019			Jan 2020		
Korea, Republic of	JSDA Officia	Old Post	New Post	JSDA Officia	Old Post	New Post	JSDA Officia	Old Post	New Post
Slaughter (Reference)	17369	17956	17369	17656	18500	17825	17430	0	17615
Beginning Stocks	100	100	100	180	251	180	190	0	225
Production	1329	1373	1329	1352	1415	1364	1335	0	1348
Total Imports	753	740	753	694	680	694	695	0	600
Total Supply	2182	2213	2182	2226	2346	2238	2220	0	2173
Total Exports	1	2	1	2	2	1	1	0	1
Human Dom. Consumpt	2001	1960	2001	2034	2000	2013	2044	0	1900
Other Use, Losses	0	0	0	0	0	2	0	0	0
Total Dom. Consumptio	2001	1960	2001	2034	2000	2013	2044	0	1900
Ending Stocks	180	251	180	190	344	225	175	0	272
Total Distribution	2182	2213	2182	2226	2346	2238	2220	0	2173

Attachments:

No Attachments