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Korea, Republic of

Livestock and Products

Annual

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Report Highlights: On January1, 2001, Korea's beef and live cattle market will be liberalized. On July 27, 2000, U.S. efforts to remove non tariff trade barriers paid off significantly as the WTO DSP panel released its official findings that the Korean beef distribution system is discriminatory. Corrective actions to be taken by Korea possibly could coincide with the market's liberalization. Once implemented, U.S. suppliers should have an unfettered field to expand upon this years' projected record volume in beef trade to Korea. Korea's battle to control the Foot and Mouth Disease in country appears to be over. However, Korea now must wait, possibly as late as June 2002, before it can again export uncooked pork and products under OIE rules.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Section I: Situation and Outlook

Korea's emergence from its economic crisis has been nothing less than spectacular. The economy is humming. The exchange rate and inflation are holding steady (into a second year). Confidence among consumers is soaring. Imported meat's (beef, pork) disappearing at a phenomenal pace. Import trends to date place Korea in line to import US$ 650 million in beef and US$ 200 million in pork during year 2000. If held, the current pace of imports would represent a 26 percent increase over beef and pork meat trade recorded for 1999. While the U.S. holds nearly 58 percent of the import market for beef, Denmark continues to dominate the import market for pork. Trade notes, as a welcome relief this year, the absence of a major international food safety scare. On a sectorial basis:

Cattle and beef: The ongoing contraction of Korea's national beef cattle (Hanwoo) herd is likely to lap into 2001 as farmers continue to engage in culling activities targeting breeding stock. Most mentioned as the cause for this behavior are unfounded fears of operating in a liberalized market. On the January 1, 2001, Korea will liberalize its beef market. Removed would be the quota and other remaining restrictions on importers. Presently, only large farms are reporting retention of replacement calves, which bodes ill for expansion prospects of Korea's national herd within the next year. The extent of the ongoing herd contraction this year will become more fully pronounced come December when slaughter data covering the Chosuk holiday period is published. Chosuk is Korea's version of Thanksgiving, a traditional high beef consumption holiday. The outlook for further expansion of U.S. beef exports to the Korean market is promising. The WTO Dispute Settlement Panel recent determination that the Korean's separate retail system is discriminatory should result in significantly improved access to the country's butcher shops. These are neighborhood stores that account for nearly 50 percent of all meat sales in Korea. Other nations are gearing up for the beef market's liberalization in January, and are conducting a wide range of promotional activities. Chilled Hanwoo beef, though, offers the real competition for U.S. grain-fed beef for the hearts and stomachs of Korean consumers.

Swine and pork: Swine producers' reaction to the March 2000 Foot and Mouth Disease (FMD) outbreak proved unexpected. Producers, who had geared up production to meet anticipated expansion in the Japanese market, continued with herd expansion programs though export markets collapsed with the FMD outbreak. Government emergency support measures provided a sufficient incentive for farmers not to flood the market after the trade spigot closed. The quarterly government livestock survey showed the national swine herd expanding between March and June rather than contracting, as many anticipated. Survey breeding stock numbers, both replacement and mature sows, are at near record levels. Sparing any additional market shocks, the larger piglet crop reported should be at slaughter-weight in time for the Lunar and Chinese New Years, holidays noted for high pork consumption that fall during the month the beef market becomes liberalized. With emergency support measures having since ceased, farm gate swine prices are expected to peak before the Chosuk holiday in September. To capture the market peak some farmers may market younger stock prematurely but the majority would be expected to finish the animal. Pork imports continued strongly through May, as traders honored contract commitments, but declined precipitously in June as the pipeline cleared. Processors and end-users substituted input sources using more domestic tenderloins in their products. As Korea remains deficient in pork belly production, imports of principally that cut should continue to enter the country into 2001 despite the greater availability of local pork.

Section II: Statistical Tables: Cattle and Beef

PSD: Cattle

PSD Table						
Country	Korea, Republic of					
Commodity	Animal Numbers, Cattle				(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Total Cattle Beg. Stks	2922	2922	2482	2482	0	2100
Dairy Cows Beg. Stocks	308	308	310	306	0	305
Beef Cows Beg. Stocks	913	913	780	726	0	700
Production (Calf Crop)	666	671	548	567	0	560
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	5
TOTAL Imports	0	0	0	0	0	5
TOTAL SUPPLY	3588	3593	3030	3049	0	2665
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Cow Slaughter	608	613	560	520	0	440
Calf Slaughter	0	0	0	0	0	0
Other Slaughter	487	482	460	422	0	410
Total Slaughter	1095	1095	1020	942	0	850
Loss	11	11	10	12	0	8
Ending Inventories	2482	2487	2000	2100	0	1807
TOTAL DISTRIBUTION	3588	3593	3030	3054	0	2665
Calendar Yr. Imp. from U.S.	0	0	0	0	0	1
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD: Beef

PSD Table						
Country	Korea, Republic of					
Commodity	Meat, Beef and Veal				(1000 MT CWE)(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	1095	1095	1020	942	0	870
Beginning Stocks	61	61	60	66	0	50
Production	295	305	280	266	0	250
Intra EC Imports	0	0	0	0	0	0
Other Imports	202	210	240	268	0	340
TOTAL Imports	202	210	240	268	0	340
TOTAL SUPPLY	558	576	580	600	0	640
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	498	510	540	550	0	590
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	498	510	540	550	0	590
Ending Stocks	60	66	40	50	0	50
TOTAL DISTRIBUTION	558	576	580	600	0	640
Calendar Yr. Imp. from U.S.	108	104	132	153	0	204
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Korea: Beef Imports (1999 - 2001)

Country	1999	2000	2001
	Revised	Preliminary	Forecast
	(In metric tons, product weight equivalent)		
U.S.A.	87,067	130,000	172,000
Australia	73,385	78,000	93,500
Canada	8,881	9,500	11,500
New Zealand	8,088	8,500	10,000
Netherlands	37	0	0
Austria	15	0	0
Others	5	0	0
TOTAL	177,478	226,000	287,000

Source: Korea Customs Service, Office of Ag. Affairs
Product Weight Equivalent

Korea: Beef Imports (Annual 1999, January - May, 2000)

(Unit: MT & $000)

Country	Annual 1999		January - May, 1999		January - May, 2000	
	Volume	Value	Volume	Value	Volume	Value
U.S.A.	87,067	277,887	30,639	88,101	50,198	193,379
Australia	73,385	130,318	27,376	47,722	25,435	48,470
Canada	8,881	28,202	2,240	6,772	7,193	24,200
New Zealand	8,088	16,732	3,043	6,337	4,619	11,118
Netherlands	37	59	37	59	0	0
Austria	15	144	0	0	0	0
Denmark	4	8	0	0	0	0
Japan	1	52	0	0	153	135
Uruguay	0	0	0	0	508	628
Ukraine	0	0	0	0	18	66
TOTAL	177,478	453,402	63,335	148,991	88,124	277,996

Source: Korea Customs Service, Product Weight Equivalent

Korea: Cattle Slaughter Trend

Month/Year	Total	Cows	Steers
	(Heads slaughtered)		
Total 1995	779,787	322,234	457,553
Total 1996	849,708	354,486	495,222
Total 1997	1,125,281	573,954	551,327
Total 1998	1,282,290	643,266	639,024
Total 1999	1,094,925	613,307	481,618
Total Jan-Jun, 2000	501,503	278,131	223,372
January, 1999	95,109	52,904	42,205
February, 1999	113,584	56,066	57,518
March, 1999	77,231	43,466	33,765
April, 1999	86,099	46,973	39,126
May, 1999	87,816	47,685	40,131
June, 1999	87,054	47,673	39,381
July, 1999	90,270	53,504	36,766
August, 1999	91,754	54,172	37,582
September, 1999	122,011	66,159	55,852
October, 1999	70,838	42,600	28,238
November, 1999	81,311	48,035	33,276
December, 1999	91,848	54,070	37,778
January, 2000	121,849	65,921	55,928
February, 2000	62,486	37,265	25,221
March, 2000	74,258	42,472	31,786
April, 2000	68,224	36,523	31,701
May, 2000	90,450	49,028	41,422
June, 2000	84,236	46,922	37,314

Source: National Livestock Cooperatives Federation

Korea: Live Hanwoo Beef Cattle Prices

Month/Year	Calf		500 Kg	
	Female	Male	Female	Male
	(Won per head, US$1=1,200 won)			
1995 Average	1,617,000	1,887,000	3,087,000	3,173,000
1996 Average	1,506,000	1,567,000	2,853,000	2,848,000
1997 Average	733,000	1,046,000	2,159,000	2,426,000
1998 Average	535,000	658,000	1,887,000	2,007,000
1999 Average	774,000	1,024,000	2,401,000	2,488,000
January, 1999	636,000	805,000	2,145,000	2,192,000
February, 1999	685,000	871,000	2,176,000	2,207,000
March, 1999	654,000	845,000	2,127,000	2,152,000
April, 1999	636,000	832,000	2,088,000	2,079,000
May, 1999	635,000	829,000	2,083,000	2,068,000
June, 1999	691,000	887,000	2,104,000	2,098,000
July, 1999	777,000	998,000	2,260,000	2,347,000
August, 1999	864,000	1,118,000	2,577,000	2,740,000
September, 1999	906,000	1,222,000	2,707,000	2,915,000
October, 1999	891,000	1,244,000	2,730,000	2,948,000
November, 1999	964,000	1,336,000	2,851,000	3,014,000
December, 1999	948,000	1,302,000	2,959,000	3,098,000
January, 2000	891,000	1,220,000	2,893,000	2,977,000
February, 2000	908,000	1,223,000	2,807,000	2,845,000
March, 2000	923,000	1,183,000	2,698,000	2,537,000
April, 2000	915,000	1,127,000	2,627,000	2,404,000
May, 2000	1,031,000	1,263,000	2,765,000	2,501,000
June, 2000	1,099,000	1,285,000	2,792,000	2,476,000

Source: Ministry of Agriculture & Forestry, National Livestock Cooperatives Federation

Korea: Hanwoo Cattle Inventory

(1,000 Household, 1,000 Head)

Month/ Year	House-hold	Total Stock	By Age			Cow	
			Under 1 year old	1-2 year old	Over 2 year old	1-2 year old	Over 2 year old
Sep. 1996	518	2,890	1,180	482	1,228	254	1,214
Dec. 1996	513	2,844	1,131	488	1,225	259	1,209
Mar. 1997	509	2,827	1,109	492	1,226	270	1,210
Jun. 1997	501	2,927	1,215	494	1,218	280	1,204
Sep. 1997	482	2,880	1,191	528	1,161	277	1,146
Dec. 1997	465	2,735	1,102	535	1,098	275	1,082
Mar. 1998	474	2,762	1,043	580	1,139	300	1,118
Jun. 1998	466	2,750	1,058	588	1,104	305	1,082
Sep. 1998	450	2,633	1,015	585	1,033	306	1,013
Dec. 1998	427	2,383	895	556	932	296	913
Mar. 1999	413	2,198	812	503	883	276	862
Jun. 1999	399	2,167	801	512	854	280	834
Sep. 1999	372	2,094	758	520	816	272	794
Dec. 1999	350	1,952	717	489	746	256	726
Mar. 2000	336	1,819	646	461	712	239	690
Jun. 2000	326	1,801	666	434	701	215	678

Source: Ministry of Agriculture & Forestry
National Livestock Cooperatives Federation

Korea: Hanwoo cattle - Cow/Calf Ratio

Month/Year	Calf (under 1 year) (1,000 Head)	Cow (Over 1 year) (1,000 Head)	Ratio (%)
Sep. 1996	1,180	1,468	80.4
Dec. 1996	1,131	1,468	77.0
Mar. 1997	1,109	1,480	74.9
Jun. 1997	1,215	1,484	81.9
Sep. 1997	1,191	1,423	83.7
Dec. 1997	1,102	1,357	81.2
Mar. 1998	1,043	1,418	73.6
Jun. 1998	1,058	1,387	76.3
Sep. 1998	1,015	1,319	77.0
Dec. 1998	895	1,209	74.0
Mar. 1999	812	1,138	71.4
Jun. 1999	801	1,114	71.9
Sep. 1999	758	1,066	71.1
Dec. 1999	717	982	73.0
Mar. 2000	646	929	69.5
Jun. 2000	666	893	74.6

Source: Ministry of Agriculture & Forestry
National Livestock Cooperatives Federation

Korea: Beef Consumption Trend: 1998-2000
(1,000 Metric Tons)

Month	Domestic Beef			Imported Beef			Total Beef		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
January	26.8	21.1	25.7	6.5	12.5	18.4	33.3	33.6	44.1
February	13.7	25.1	13.0	3.3	9.9	13.7	17.0	35.0	26.7
March	18.6	17.8	N/A	4.2	11.2	N/A	22.8	29.0	N/A
April	19.5	18.5	N/A	5.0	11.5	N/A	24.5	30.0	N/A
May	23.3	18.6	N/A	5.0	10.8	N/A	28.3	29.4	N/A
June	18.8	18.5	N/A	4.9	10.6	N/A	23.7	29.1	N/A
July	20.8	20.6	N/A	6.3	10.6	N/A	27.1	31.2	N/A
August	24.1	21.3	N/A	10.1	13.6	N/A	34.2	34.9	N/A
September	31.9	26.3	N/A	11.6	17.1	N/A	43.5	43.4	N/A
October	19.4	15.1	N/A	7.9	13.3	N/A	27.3	28.4	N/A
November	20.7	17.5	N/A	9.6	15.4	N/A	30.3	32.9	N/A
December	22.5	19.2	N/A	11.0	16.6	N/A	33.5	35.8	N/A
TOTAL	260.1	239.6	38.7	85.4	153.1	32.1	345.5	392.7	70.8

Source: National Livestock Cooperatives Federation

Korea: Cattle/Beef Tariff Table for CY2000
(N: In-quota / M: Out of quota)

Tariff Number	Product Description	WTO Bound Rate	Current Applied Rate	Other Info.
0102.10.1000	Pure-bred breeding milch cow	N: 0 M: 93.1%	N: 0 M: 93.1%	Total In-quota amounts for these three HS numbers are 877 heads.
0102.10.2000	Pure-bred breeding beef cattle	N: 0 M: 93.1%	N: 0 M: 93.1 %	
0102.10.9000	Pure-bred breeding - other	N: 0 M: 93.1%	N: 0 M: 93.1 %	
0102.90.1000	Other milch cow	41.8 %	41.8 %	
0102.90.2000	Other beef cattle	41.8 %	41.8 %	
0102.90.9000	Other	0	0	
0201.00.0000	Beef (Fresh or chilled)			
0201.10.0000	Carcass and half-carcass	41.6 %	41.6 %	
0201.20.0000	Other cuts with bone in	41.6 %	41.6 %	
0201.30.0000	Boneless	41.6 %	41.6 %	
0202.00.0000	Beef (Frozen)			
0202.10.0000	Carcass and half-carcass	41.6 %	41.6 %	
0202.20.0000	Other cuts with bone in	41.6 %	41.6 %	
0202.30.0000	Boneless	41.6 %	41.6 %	
0206.10.0000	Beef offal (Fresh or chilled)	18.8 %	18.8 %	
0206.20.0000	Beef offal (Frozen)			
0206.21.0000	Tongues	20.3 %	20.0 %	Cooperative tariff applied
0206.22.0000	Livers	20.3 %	20.0 %	“
0206.29.0000	Other			
0206.29.1000	Tails	18.8 %	18.8 %	
0206.29.2000	Feet	18.8 %	18.8 %	
0206.29.9000	Other	18.8 %	18.8 %	

Section III: Cattle, Beef, and Veal

Korea's national cattle herd continues to contract. Insecurity with market prospects after January 1, 2001 in a post-liberalized era are encouraging many farmers to reduce risk exposure and bypass incentives to retain breeding and replacement stock offered with rising farm gate prices.

We expect continued sell-off of older breeding stock through the first half 2001 until the market settles. Market rumors of imports of live cattle appear to be an effort to moderate rising wholesale prices. It is affecting the psych of farmers who are already are insecure about the near-term outlook for the domestic industry. March-June data showing calf inventories expanding for the first time in two years reflects producer hedging to reduce risk and preserve production options. Expansion in calf inventories is taking place on large farms, not small ones. Younger animals entail a smaller investment to bring to marketable weight if the market were to weaken considerably before January 2001. However, if the market remains stable, such farmers could start expanding herds again starting the latter half 2001. Input prices and the general economy have remained stable this past year. Given that stability, trade expectations are that the domestic Hanwoo industry should be able to transition to a free market environment quickly in 2001.

In June 2000, to enhance Hanwoo beef's competitiveness with imported beef, the Ministry of Agriculture introduced a new "quality beef" production program. The program came about after the nations' prime grade beef production flattened out in April 2000 at 23.2 percent (versus the 1995 level of 13.5 percent). The program is based on the tried and true bonus incentive system for producers. Whereas the previous program paid a bonus of several won per hundred weight based on the grade at slaughter, the new program will pay a bonus of 100,000 won per Hanwoo bull calf at time of neutering. Funding for this program is to be derived 50-50 between the central and regional governments. Given the tight fiscal situation most regional governments face in 2000, the central government expects to fully finance the program this year. In addition, the central government also is modifying regulations to allow for auctioning of cut meat (presently prohibited) and is facilitating the marketing of higher quality beef.

To facilitate marketing the central government plans to introduce a 'bar code' system for Hanwoo beef which would allow for its traceability through to retail, and to impose a country-of-origin (COO) labeling requirement in restaurants (which mostly serve imported beef). The bar code and COO labeling systems are being introduced to enhance consumer confidence in the authenticity of the product. The COO labeling requirement, promoted by the Ministry of Agriculture as a substitute for its WTO inconsistent separate retail distribution system, is generating substantial opposition from Trade Ministries who fear reprisal from beef exporting nations if this selective labeling requirement is enacted. Korea's prime minister is expected to decide on adoption of the COO requirement by September 2000.

Since the March 2000 detection of Foot and Mouth Disease (FMD) Korean officials have slaughtered and destroyed over 2,220 animals in 15 quarantine zones in effort to stop the disease's spread. Cattle account for over 2,000 of the slaughtered animals with over 90 percent being dairy animals. Final animal number counts for slaughtered and destroyed have yet to released by the Ministry of Agriculture and Forestry (MAF). Eradication efforts overall have had a more pronounced effect on the swine sector than cattle. The Korean government is compensating farmers at the full market value of the destroyed animals. For a fuller analysis of the FMD outbreak published by the Korean Ministry of Agriculture, please see KS0055.

On July 14, MAF removed the last of its FMD quarantine zones. On July 30, MAF discontinued vaccination of livestock for the FMD virus, in the processes starting the 12 month clock required before Korea can petition the OIE to be declared FMD-free. If no additional problems emerge involving FMD, Korea conceivable can be declared as an FMD- free nation by the OIE as early as the May 2002 OIE meeting. Until then, if Korea wishes to export meat to other countries, it can only do so through bilateral negotiations with other countries who would be willing to shoulder the risk of contracting the disease and assume the associated restrictions on meat trade with third countries.

Firming of yearling live-weight prices in the spring spurred a modest increase in younger cattle retention between March and June. Such cattle would be on line to be at marketable weights by the traditional Korean fall holiday season when beef is in high demand. The dramatic June-over-June increase in live-weight price for all cattle indicate the extent of the national Hanwoo cattle herd's contraction. Given the smaller cattle inventory, live-weight prices for larger animals are expected to peak with the Chosuk holiday in mid-September. Uncertainty with the ramifications of market liberalization in January 2001 is expected to sway farmers to reduce exposure by replacing older stock with younger animals until the market settles.

Since the latter half of 1999 disappearance of quality imported beef, led by short ribs and chuck rolls, has risen dramatically. U.S. suppliers, overcoming the challenge of reduced market presence during the 1998 economic crisis, are seeing their market share expand over competitors. Calendar year import volume to date in 2000 parallels pre-crisis levels.

In 2001, market prospects are further enhanced for U.S. suppliers who will benefit by broader market access to Korean consumers with the beef markets' liberalization and with the removal of WTO inconsistent regulatory requirements, including the separate retail distribution system. Under the separate retail distribution system butcher shops either could market domestic or imported beef, but not both. In 1999, butcher shops marketing domestic beef outnumbered those marketing imported beef at a ratio of 10:1. With that systems removal, U.S. suppliers will have full access to the approximately 50,000 butcher shops in Korea.

Disappearance of high quality domestic beef, led by loin cuts, exceeds the level existing prior to the 1998 economic crisis. During the economic crisis consumption of domestic beef actually increased which indicated, irrespective of the turmoil about them, Korean consumers were willing to purchase quality beef.

Imported beef, as a percent of total beef consumption, should increase as supply availability improves with Korea's implementation of commitments to remove market access barriers and liberalize its market. With less government intervention, including efforts of the Livestock Products Marketing Organization (LPMO), etc., the markets should be able to provide consumers a larger variety of quality beef at a lower price. Given current low Hanwoo inventories, U.S. suppliers are positioned to benefit substantially as its biggest competitors primarily supply less desirable grass-fed beef products. Uruguay, which signed a bilateral protocol to export beef to Korea in the fall 1999, will eventually provide competition in this market but mostly to grass-fed beef suppliers.

Competitiveness of imported beef is tied closely to the exchange rate which has remained steady since last year at Korean won (Kw)1,100 to US$1.00. Imported beef remains competitive for most cuts of beef at an exchange rate below Kw 1,500 to US $1.00.

Food safety remains a primary focus of government regulators. When foreign press report of an outbreak/recall in a country, Ministry of Agriculture inspectors automatically initiate increased surveillance on meats imported from that country. Korea's adoption of most CODEX Alimentarius pathogen standards for raw muscle and processed meats should, however, eliminate the possibility of a recurrence of an E-coli 0157:H scare witnessed in September 1997. In June 2000, Korea proposed a revision to its animal health standards that call for tougher requirements on salmonella in raw ground beef. Final standards should be published later this fall.

In 2000, LPMO turned to auctioning to disburse this year's 60,000 MT beef quota obligation. LPMO justified this action on grounds it enabled the organization to focus on managing, not aggravating, the existing stock situation involving government-owned imported beef.

Section II: Statistical Data: Swine and Pork

PSD: Swine

PSD Table						
Country	Korea, Republic of					
Commodity	Animal Numbers, Swine				(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
TOTAL Beginning Stocks	6700	6700	7000	7000	0	7200
Sow Beginning Stocks	843	843	860	887	0	900
Production (Pig Crop)	13054	13053	13597	13398	0	13500
Intra EC Imports	0	0	0	0	0	0
Other Imports	1	2	3	2	0	2
TOTAL Imports	1	2	3	2	0	2
TOTAL SUPPLY	19755	19755	20600	20400	0	20702
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Sow Slaughter	0	0	0	0	0	0
OTHER SLAUGHTER	12565	12565	13300	13000	0	13512
Total Slaughter	12565	12565	13300	13000	0	13512
Loss	190	190	200	200	0	190
Ending Inventories	7000	7000	7100	7200	0	7000
TOTAL DISTRIBUTION	19755	19755	20600	20400	0	20702
Calendar Yr. Imp. from U.S.	1	1	2	1	0	1
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD: Pork

PSD Table						
Country	Korea, Republic of					
Commodity	Meat, Swine				(1000 MT CWE)(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	12565	12565	200	13000	0	13512
Beginning Stocks	22	22	15	31	0	110
Production	930	950	980	983	0	1020
Intra EC Imports	0	0	0	0	0	0
Other Imports	160	155	145	110	0	70
TOTAL Imports	160	155	145	110	0	70
TOTAL SUPPLY	1112	1127	1140	1124	0	1200
Intra EC Exports	0	0	0	0	0	0
Other Exports	115	113	115	22	0	0
TOTAL Exports	115	113	115	22	0	0
Human Dom. Consumption	982	983	1010	992	0	1020
Other Use, Losses	0	0	0	0	0	20
TOTAL Dom. Consumption	982	983	1010	992	0	1040
Ending Stocks	15	31	15	110	0	160
TOTAL DISTRIBUTION	1112	1127	1140	1124	0	1200
Calendar Yr. Imp. from U.S.	26	25	26	8	0	5
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Korea: Pork Imports (1999 - 2001)

Country	1999	2000	2001
	Revised	Preliminary	Forecast
	(In metric tons, product weight equivalent)		
U.S.A.	20,287	6,500	4,000
Denmark	35,989	28,300	18,000
Canada	22,908	18,000	11,500
France	11,911	9,400	6,000
Hungary	11,260	8,800	5,600
Netherlands	10,158	8,000	5,000
Belgium	5,495	4,700	3,000
Sweden	1,911	1,500	1,000
Finland	1,670	1,300	800
Ireland	1,335	1,000	600
Australia	685	500	300
United Kingdom	502	300	100
Germany	387	100	50
Others	196	100	50
TOTAL	124,694	88,500	56,000

Source: Korea Customs Service, Ag Affairs

Korea: Pork Imports (Annual 1999, January - May, 2000)

Country	Annual 1999		January - May, 1999		January - May, 2000	
	Volume (MT)	Value ($000)	Volume (MT)	Value ($000)	Volume (MT)	Value ($000)
U.S.A.	20,287	28,622	8,121	10,670	4,768	7,344
Denmark	35,989	64,382	10,913	20,481	17,570	32,463
Canada	22,908	26,171	7,964	8,344	10,895	9,608
France	11,911	28,807	5,097	13,197	8,363	19,296
Hungary	11,260	20,378	2,092	3,527	8,036	15,300
Netherlands	10,158	24,689	3,794	9,080	6,171	14,592
Belgium	5,495	12,384	5,007	11,328	1,207	2,420
Sweden	1,911	4,045	547	1,250	664	1,420
Finland	1,670	4,107	944	2,271	958	2,461
Ireland	1,335	1,871	109	129	1,038	1,422
Australia	685	1,304	134	284	193	352
United Kingdom	502	528	0	0	1,157	1,119
Germany	387	808	122	278	194	358
Austria	110	236	0	0	787	1,755
PRC	65	130	0	0	24	46
Japan	21	87	0	0	1,232	5,530
Mexico	0	0	0	0	65	105
Taiwan	0	0	0	0	54	18
Total	124,694	218,549	44,844	80,839	63,376	115,609

Source: Korea Customs Service, Product Weight Equivalent

Korea: Pork Exports (1999 - 2001)

Country	1999	2000	2001
	Revised	Preliminary	Forecast
	(In metric tons, product weight equivalent)		
Japan	80,612	15,400	0
Taiwan	3,791	800	0
Phillippines	3,670	1,300	0
Russia	1,030	100	0
Thailand	997	50	0
Others	43	350	0
TOTAL	90,143	18,000	0

Source: Korea Customs Service, Office of Ag. Affairs
Note: Exports to Taiwan are ultimately exported to Japan, via triangle trade.

Korea: Pork Exports (Annual 1999, January - May, 2000)

Country	Annual 1999		January - May, 1999		January - May, 2000	
	Volume (MT)	Value ($000)	Volume (MT)	Value ($000)	Volume (MT)	Value ($000)
U.S.A.	0	0	0	0	0	0
Japan	80,612	320,652	35,477	132,737	15,379	73,231
Taiwan	3,791	1,692	1,257	547	788	333
Philippine	3,670	1,585	1,275	508	1,253	552
Russia	1,030	773	0	0	71	60
Thailand	997	518	390	193	12	7
Finland	22	56	0	0	0	0
Hong Kong	21	18	0	0	0	0
Italy	0	0	0	0	89	176
Malaysia	0	0	0	0	21	10
Total	90,143	325,294	38,399	133,985	17,613	74,369

Source: Korea Customs Service, Product Weight Equivalent

Korea: Swine Slaughter Trend
(Unit: Head and Kilogram)

Month	1999		2000	
	Slaughter number	Avg. Weight	Slaughter number	Avg. Weight
January	1,054,143	105	1,115,356	108
February	989,189	103	908,188	109
March	1,101,867	106	1,119,417	109
April	1,067,943	106	1,075,654	108
May	958,928	106	1,118,601	108
June	896,477	105	990,358	106
July	978,267	105	N/A	N/A
August	995,499	105	N/A	N/A
September	1,012,042	104	N/A	N/A
October	1,129,951	108	N/A	N/A
November	1,202,793	107	N/A	N/A
December	1,176,972	108	N/A	N/A
TOTAL	12,564,571	N/A	6,327,574	N/A

Source: National Livestock Cooperatives Federation

Korea: Live Swine Prices

Month/Year	Piglet	Pig (100 Kg)
	(Won per head, US$1=1,200 won)	
1995 Average	49,000	155,000
1996 Average	48,000	171,000
1997 Average	53,000	171,000
1998 Average	50,000	179,000
1999 Average	59,000	199,000
January, 1999	53,000	187,000
February, 1999	53,000	186,000
March, 1999	54,000	186,000
April, 1999	56,000	199,000
May, 1999	59,000	213,000
June, 1999	62,000	220,000
July, 1999	62,000	217,000
August, 1999	63,000	216,000
September, 1999	63,000	210,000
October, 1999	61,000	185,000
November, 1999	59,000	172,000
December, 1999	60,000	195,000
January, 2000	62,000	203,000
February, 2000	63,000	200,000
March, 2000	62,000	184,000
April, 2000	55,000	157,000
May, 2000	60,000	198,000
June, 2000	61,000	207,000

Source: National Livestock Cooperatives Federation

Korea: Swine/Pork Tariff Table

Tariff Number	Product Description	WTO Bound Rate	Current Applied Rate	Other Info.
0103.10.0000	Pure-bred breeding swine	N: 0 M: 20.3 %	N: 0 M: 20.3 %	In-quota amount is 1,521 heads.
0103.90.0000	Other swine			
0103.91.0000	Weighting, less than 50 kg	20.3%	20.0 %	Basic tariff applied.
0103.92.0000	Weighting, 50 kg or more	20.3%	20.0 %	“
0203.10.0000	Pork (Fresh or chilled)			
0203.11.0000	Carcass and half-carcass	25.3 %	25.0 %	Cooperative tariff applied
0203.12.0000	Hams, shoulders and cuts, with bone in	25.3 %	25.0 %	“
0203.19.0000	Other pork (Fresh or chilled)			
0203.19.1000	Belly	25.3 %	25.0 %	“
0203.19.9000	Others	25.3 %	25.0 %	“
0203.20.0000	Pork (Frozen)			
0203.21.0000	Carcass and half-carcass	29.8%	29.8 %	
0203.22.0000	Hams, shoulders and cuts, with bone in	29.8 %	29.8 %	
0203.29.0000	Other pork (Frozen)			
0203.29.1000	Belly	29.8 %	29.8 %	
0203.29.9000	Others	29.8 %	29.8 %	
0206.30.0000	Pork offal (Fresh or chilled)	20.3 %	20.0 %	Cooperative tariff applied
0206.40.000	Pork offal (Frozen)			
0206.41.0000	Liver	20.3 %	20.0 %	Cooperative tariff applied
0206.49.1000	Feet	20.3 %	20.0 %	“
0206.49.9000	Others	20.3 %	20.0 %	“

Section III: Swine and Pork

Domestic swine production initially appears not to be affected by the foot and mouth disease (FMD) outbreak that ended Korean pork's access to the Japanese market this spring. Farm gate prices experienced a temporary drop off in March/April after the FMD detection, but quickly returned to pre-FMD outbreak levels by May with the support of the Korean government's procurement program.

Under the Ministry of Agriculture and Forestry (MAF) procurement programs all swine within the fifteen quarantine zones were to be procured. As of July 19 MAF procured and slaughtered more than 262,000 heads of swine and placed the pork meat into cold storage. Recent efforts by MAF to market the stored pork to commercial venders, even at a 10 percent discount, have generated little interest for the product. Expectations are that MAF will opt to maintain pork in storage rather than lower price further for the market prior to the arrival of the traditional Korean holiday season.

Rather than curtail production in the wake of the FMD problem, farmers have continued with herd expansion programs embarked previously to gear up year 2000 output to service the then expanding Japanese pork market. In July, MAF released quarterly (April-June) data that showed swine inventories at a record high level. The data shows the number of piglets less than two months has increased 3 percent between March and June 2000. Given favorable swine prices in early March/April and then factor in the gestation period for swine (114 days), we can expect July-September inventory data be higher still as slaughter levels have remained stable. At that point farm gate prices should start to drop in response to an oversupply of swine in the market that should spark increased selling of animals by farmers through the remainder of the year. By early 2001, after the lunar new year holiday, data should start reflecting a contraction of the national swine herd. We can make a similar parallel with the Taiwanese market's reaction with the 1997 FMD outbreak in that country. In other words, with the announcement of the FMD outbreak prices dropped, quickly recovered with the government's emergency support program, remained strong until the end of the second hog cycle, then fell as the market reacted to the oversupply situation. Market events in Korea might be paralleling those witnessed in Taiwan a few years ago.

Korea's exports of pork have virtually stopped since the FMD outbreak. Trade specialists suggest it may not be until mid-2002 before Korea can again export fresh pork to other OIE member countries. Meanwhile, Korea is consulting with Japan and other Southeast Asian nations on the possibility of trading cooked pork. However, one would expect the volume to be exported in this form to be limited. MAF also is pursuing having Cheju-do, an island off the southern coast of Korea, recognized with a FMD-free status.

Korea's import of pork remained strong into May 2000 as traders fulfilled contract obligations despite the FMD outbreak. Trade declined dramatically afterwards as domestic supplies of non-belly cuts served local requirements. Preliminary June data show imports trade at half the normal monthly level. With Korea facing a chronic shortfall in pork belly production, about 75,000 MT (CWE), imports of at least that amount should continue to arrive. Imports of other pork cuts, however, may be totally, or near totally displaced by increased availability of domestic pork into 2002.

In recent years several European countries have been making significant inroads into the specialty pork products market (ham, sausage, bacon). Promotional activities conducted by these countries, however, appear to have been reduced this year. Last year Danish suppliers conducted three joint promotional activities with two of Korea's largest pork importers. To date this year, no joint promotions have taken place. USMEF/Seoul, on the other hand, continues to conduct joint menu promotions with HRI sector companies focusing on U.S. beef and pork and with retail entities focusing on chilled beef and chilled port. Increased demand generated by USMEF efforts may go unfulfilled as segments of the expanding U.S. pork market are now competing for U.S. product that would have entered export channels.

Domestic producers are aggressively marketing the freshness of its chilled pork resulting in a shift in consumer consumption patterns away from imported frozen pork. Promotion of imported chilled pork should benefit by this development over the longer term.

Note: The Ministry of Agriculture & Forestry (MAF) estimated the 1999 year-end swine population at 7.8 million animals and 8.1 million animals for the end of June 2000. Post and the Korean swine industry view this figure to be questionable and note the estimated population increased immediately after MAF adopted a new statistical sampling model in 1998. Until MAF completed the review it stated it would take on this matter, Post will maintain stock estimates developed with industry assistance.

Section IV: Feed Demand - Strategic Indicator Tables for Korea

MEAT PRODUCTION				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	1998	1999	2000	2001
Poultry				
Poultry Meat: (000 MT, RTC basis)	422	440	455	470
Eggs: (Unit: Million eggs)	8,413	8,558	8,816	9,085
Pork: (CWE, 000MT)	992	950	983	1,020
COMPOUND FEED SECTOR				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	1998	1999	2000	2001
Compound Feed Capacity (MT per day, based on 8 hour work)	29,627	29,886	30,006	N/A
Total Compound Feed Produced (000 MT)	14,259	14,991	15,000	15,000
------ by integrated producers	N/A	N/A	N/A	N/A
------ by commercial producers	N/A	N/A	N/A	N/A
FEED GRAIN USE				
		Last Year	Current Year	Out Year Forecast
Marketing Year:	1997/1998	1998/1999	1999/2000	2000/2001
Corn (Domestic consumption: feed) (000 MT)	5,875	5,560	6,800	6,500
Other (specify) : Feed wheat, rye, barley, lupinseed, etc. (000 MT)	2,368	2,966	1,800	2,000

PROTEIN - ENERGY USAGE				
		Last Year	Current Year	Out Year Forecast
Marketing Year: (000 MT)	1997/1998	1998/1999	1999/2000	2000/2001
Total Protein Meal (feed waste domestic consumption)	3,381	3,206	3,230	3,200
Soy Bean Meal (feed waste domestic consumption)	1,647	1,866	1,800	1,800
Other Protein Meal, e.g. Palm Kernel Meal, Rape Meal (feed waste domestic consumption)	1,592	1,207	1,300	1,280
Fish Meal	69	57	55	55
Palm Crude Oil (feed waste domestic consumption)	5	6	5	5
TRADE (Metric Tonnes)				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	1998	1999	2000	2001
Corn				
Imports:	7,111,473	8,115,221	8,600,000	8,600,000
Exports:	0	7	0	0
Soy Beans				
Imports:	1,413,011	1,441,119	1,500,000	1,550,000
Exports:	117	634	0	0
Soy Bean Meal				
Imports:	929,653	1,144,158	900,000	850,000
Exports:	67,891	301	0	0
Fish Meal				
Imports:	24,690	29,808	30,000	30,000
Exports:	3,738	5,070	4,000	4,000
Palm Crude Oil				
Imports:	151,477	172,090	170,000	180,000

Exports:	0	0	0	0
PROTEIN PRODUCTS TARIFFS AND TAXES		Bound Rate	Applied Rate	Other
	Product	(%)	(%)	Import
Report Year:	Description 1/			Taxes/Fees
0505.90	FEATHER MEAL	8	5	N/A
1501.00.00.60	YELLOW GREASE	28	3	N/A
1502.00.00.40	INEDIBLE TALLOW	19	2	N/A
1,511	PALM OIL	28	Crude: 3.0, Other:2.0	N/A
1518	ANML/VG FTS &OILS	20	8	N/A
2301.10	MEAT AND BONE MEAL	N: 5.0, M: 9.4	5	N/A
2301.20	FISH MEAL	9	5	N/A
N: In-quota amount (3,210 MT for CY2000), M: Out-of-quota				