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Report Highlights:

The COVID-19 epidemic in Korea significantly impacted pork consumption patterns in 2020. Domestic pork, mostly eaten at home, benefited while imports are down as restaurants, primary users of imported pork, are seeing reduced traffic. Cattle producers continue to expand as similar patterns play out in the beef complex with home consumption boosting domestic Hanwoo consumption. Higher beef production will moderate prices into 2021, reducing scope for imports.

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 in the PSD database (http://www.fas.usda.gov/psdonline).

Beef and Veal Conversion Factors		
HS Code	Description	Conversion Rate*
020110	Bovine carcasses and half carcasses, fresh or chilled	1.0
021020	Bovine cuts bone in, fresh or chilled	1.0
021030	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 not elsewhere specified, 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, fresh or chilled	1.00
020312	Bone-in hams, shoulders and cuts thereof, fresh or chilled	1.00
020319	Other pork cuts, fresh or chilled	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, prepared/preserved	1.30
160242	Shoulders and cuts thereof, prepared/preserved	1.30
160249	Other meat of swine including mixtures, prepared/preserved	1.30

Technical Note

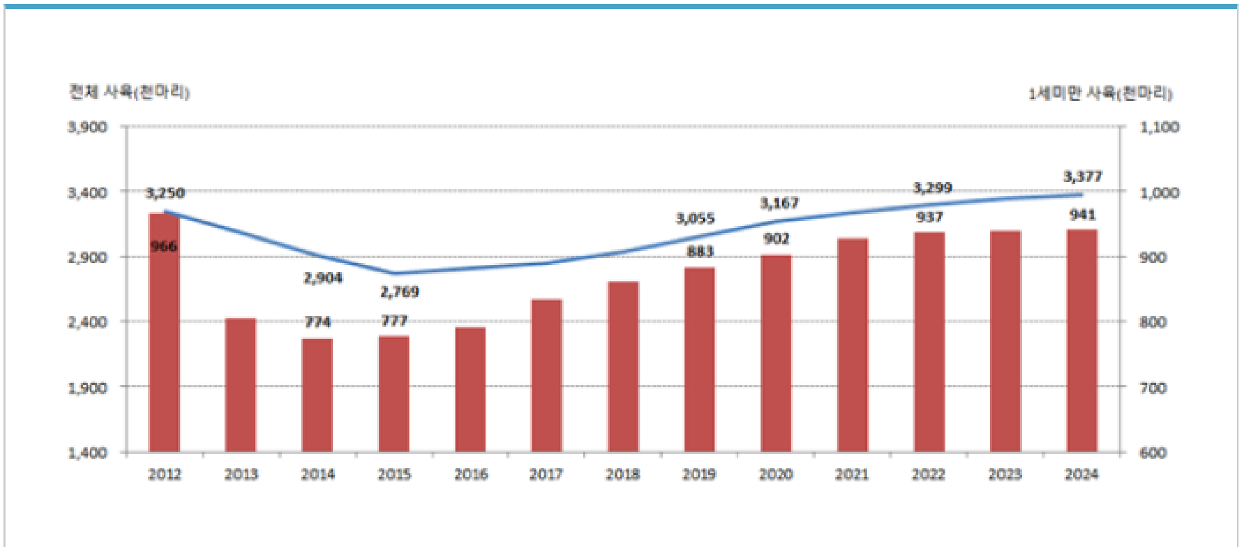
The definition of Carcass Weight Equivalent/Product Weight Equivalent remains the same. All quantities (beef and pork) noted are in Carcass Weight Equivalent (CWE) unless otherwise noted as Product Weight Equivalent (PWE). CWE is the weight of an animal after slaughter and removal of internal organs,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

Cattle

Production

Calf production numbers continue to increase thus far in 2020 as farmers try to take advantage of high cattle prices. Although there has been some fluctuation on a month by month basis, calf and cow prices have continued to show an upward trend since May 2017. The average annual female calf price increased 3 percent in 2019 over the annual average price of 2018. The average annual heifer calf price increased even further in 2020, rising 9 percent over 2019 prices. Male calf prices also increased by 4.5 percent and 1.6 percent, respectively, during the same period. Average annual cow prices also increased, rising 6 percent over 2019 levels. Annual steer prices in 2020 are holding steady compared to 2019 levels after jumping 11 percent in 2019 compared to the previous year. In addition, farmers' intentions to increase herd size are further supported by the number of semen sales. Semen sales during the period March 2019 to February 2020, which reflect calf production in 2020, increased by 12.4 percent over the same period a year ago. Semen sales for the period March – June 2020 were 1.5 percent higher than the same period in 2019. This shows that calf production will continue to rise in 2021. The Korea Rural Economic Institute is projecting that the number of native Korean cattle, Hanwoo, will continue to increase at least until 2024.

Table 1. Forecast for cattle under 1 year old (Unit: 000 heads)



Source: Korea Rural Economic Institute
Note: Red bar represents the number of cattle under 1 year old (Unit: 000 heads).
The blue line graph represents total Hanwoo cattle inventory (excluding dairy cattle).

High inventories that supported higher slaughter numbers for 2020 will continue to increase in 2021 as more cattle are brought for slaughter. However, given the forecast for poor economic performance in 2020 due to the impact of COVID-19, it remains to be seen if the domestic beef cattle industry can continue to enjoy strong market demand in 2021. The Bank of Korea recently dropped its forecast for economic growth in 2020 to negative 1.3 percent. The projection by the Korea Development Institute, a government think tank, is more pessimistic, forecasting a -2.3 percent drop. The COVID-19 epidemic that seemed to be coming under control in Korea jumped again in August with daily cases spiking above 400. Now, in the first week of September, daily case counts are declining. A bigger challenge will be keeping the virus under control during the Korean Chusuk holidays (Korean version of Thanksgiving) that begin on September 30. The holiday is typically the most significant travel and family gathering event of the year.

Table 2: Hanwoo Semen Sales (Unit: 1,000 straws)

Month	2016	2017	2018	2019	2020	Change (Percent) 1/
Jan	123	141	134	138	157	113.8
Feb	99	47	119	48	168	350.0
Mar	149	176	166	207	155	74.9
Apr	145	158	55	196	213	108.7
May	141	160	237	195	207	106.2
Jun	204	211	233	196	231	117.9
Jul	199	229	223	231		
Aug	181	170	195	183		
Sep	167	214	189	183		
Oct	156	180	179	185		
Nov	134	148	151	192		
Dec	137	122	174	141		
Total	**1,835**	**1,956**	**2,055**	**2,095**		

Source: Globalization Strategy Networking Journal (GS&J) and Korea Rural Economic Institute
Note: 1/ The change is a comparison of 2020 sales versus the same month in 2019.
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 3: Live Hanwoo Beef Cattle Prices (Thousand won / head)

Month	Calf						Cow			Steer		
	Female			Male								
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Jan	2563	2453	2840	3105	3021	3246	5599	5685	5895	4696	5422	5672
Feb	2292	3097	2960	3206	3217	3068	5546	5685	5893	4675	5451	5479
Mar	2577	3290	N/A	3233	3307	3132	5729	5619	5943	4640	5495	4983
Apr	2712	2691	3010	3129	3227	3332	5720	5613	5837	4517	5420	5326
May	2836	2830	N/A	3361	3337	3554	5655	5477	6015	4711	5276	5536
Jun	2903	2771	3189	3502	3562	4393	5608	5558	6255	4712	5685	5504
Jul	2791	3059	3196	3278	3577	3426	5551	5605	6051	4814	5022	5171
Aug	2667	2850		3064	3341		5654	5482		4893	5457	
Sep	2860	2941		3287	3570		5608	5589		4913	5556	
Oct	2656	2158		3463	3742		5792	5686		5368	5644	
Nov	2858	2611		3350	3420		5750	5863		5551	5559	
Dec	2779	2733		3014	3412		5691	5890		5670	5727	

Source: National Agricultural Cooperative Federation
(Exchange rate US$1 = 1,185.6 won (As of August 25, 2020)

Table 4: Monthly Cattle Slaughter Trend

Year	Month	Cow		Bulls/steers		Total	
		Head	Percent of total	Head	Percent of total	Sub-total	Percent of annual
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**
2020	Jan	42,770	44.1	54,161	55.9	96,931	19.4
	Feb	25,275	45.3	30,466	54.7	55,741	11.2
	Mar	31,943	48.2	34,361	51.8	66,304	13.3
	Apr	33,230	47.9	36,104	52.1	69,334	13.9
	May	33,278	49.2	34,376	50.8	67,654	13.6
	Jun	36,646	49.4	37,537	50.6	74,183	14.9
	Jul	33,202	48.6	35,178	51.4	68,380	13.7
	Total	**236,344**	**47.4**	**262,183**	**52.6**	**498,527**	**100.0**

Source: Animal and Plant Quarantine Agency

PRODUCTION, SUPPLY AND DISTRIBUTION

Animal Numbers, Cattle	2019		2020		2021	
Market Year Begins	Jan 2019		Jan 2020		Jan 2021	
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks (1000 HEAD)	3521	3521	3619	3645	0	3763
Dairy Cows Beg. Stocks (1000 HEAD)	318	318	317	316	0	315
Beef Cows Beg. Stocks (1000 HEAD)	1434	1434	1489	1491	0	1542
Production (Calf Crop) (1000 HEAD)	995	1021	1045	1031	0	1066
Total Imports (1000 HEAD)	0	0	0	0	0	0
Total Supply (1000 HEAD)	4516	4542	4664	4676	0	4829
Total Exports (1000 HEAD)	0	0	0	0	0	0
Cow Slaughter (1000 HEAD)	402	402	409	428	0	467
Calf Slaughter (1000 HEAD)	0	0	0	0	0	0
Other Slaughter (1000 HEAD)	485	485	494	475	0	520
Total Slaughter (1000 HEAD)	887	887	903	903	0	987
Loss and Residual (1000 HEAD)	10	10	9	10	0	10
Ending Inventories (1000 HEAD)	3619	3645	3752	3763	0	3832
Total Distribution (1000 HEAD)	4516	4542	4664	4676	0	4829

(1000 HEAD)

Beef

Production

The growing number of inseminated cows in 2017 began to be slaughtered in 2020 (approximately 40-42 months after insemination) and Korea will continue to see increased slaughter numbers from April 2020 and onwards. Calves resulting from higher inseminations in January 2017 were ready for slaughter beginning in April 2020. Given that the number of semen straws sold in 2017 was 6.7 percent higher than the 2016 level and 5.1 percent higher in 2018 over the previous year level, post projects that the slaughter number will continue to rise through 2021 and beyond. Artificial insemination is used in 100 percent of Korean Hanwoo calf production.

Consumption

With higher domestic production of beef coming into the market in 2020 and with lower demand in the restaurant sector due to COVID-19, general beef prices are expected to drop. However, that has not been the case with Korean Hanwoo. Average beef short rib prices went up 14.6 percent in 2020 over the average annual price in 2019. This is due to the fact that 74 percent of domestic Hanwoo beef was consumed at home in 2019 and as people reduced their dining in restaurants, people increased their Hanwoo beef consumption at home. Imported beef—which is consumed in restaurants more than Hanwoo beef—was the sector that suffered most from the COVID-19 demand disruptions. The Korean government gave out Emergency Relief Funds to the general public beginning on May 4, 2020. Single member family was provided 400,000 won (just over $335), two-member family was provided 600,000 won (about $500), three-member family was provided 800,000 won (about $675) and a family with four or more was provided 1,000,000 won (about $840). Although people were allowed to use the funds in restaurants, total restaurant sales dropped slightly in May compared to the previous month. During the same period, grocery sales increased 1.2 percent, despite the fact that emergency relief funds were not allowed to be used in major hypermarkets. The Korean government is planning to provide a second round of relief funds in September.

As the number of COVID-19 positive cases saw a new spike in August 2020, the Korean government again enhanced its virus control measures, implementing a ban on dining in restaurants between 9pm and 5am, beginning August 30. People are only allowed to buy take out at restaurants after 9pm, thereby further impacting restaurants already hard hit by lower sales. The measure is in place until to September 13 but could be extended depending upon the COVID situation.

Table 5: Comparison of Average Retail Price for Beef Short Ribs and Pork Bellies (Won per 100 gram)

Origin	Quality	2018	2019	2020	Change in price		Price ratio over U.S. frozen beef		
					2019 over 2018	2020 over 2019	2018	2019	2020
Korean Hanwoo	Grade 1	5223	5230	5993	1.00	1.15	2.15	2.09	2.44
U.S. Beef	Chilled	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Frozen	2429	2508	2460	1.03	0.98	1.0	1.0	1.0
Australian Beef	Chilled	2268	2577	2390	1.14	0.92	0.93	1.03	0.97
	Frozen	2001	2190	2347	1.09	1.07	0.82	0.87	0.95
Korean Chilled Pork Belly		1935	1843	2068	0.95	1.12	0.80	0.73	0.84
Imported Frozen Pork Belly		1050	1025	1054	0.98	1.03	0.43	0.41	0.43

Source: Korea Agricultural Marketing Information Service (KAMIS)
Note: Data for 2020 is the average price for the data that is available up to August 2020.
(Exchange rate US$1 = 1,185.6 won (As of August 25, 2020)

Table 6: Retail Prices for Beef Short Ribs (2018 – 2020) Unit: Won per 100 grams

Year	Month	Domestic Hanwoo (chilled)	U.S.A.	Australia	
		#1 Grade	Frozen	Chilled	Frozen
2018	January	5,181	2,407	2,177	1,972
	February	5,211	2,445	2,144	1,961
	March	5,262	2,443	2,331	1,956
	April	5,243	2,451	2,283	2,036
	May	5,239	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
2020	January	6,178	2,514	2,596	2,364
	February	5,883	2,517	2,316	2,370
	March	5,869	2,517	2,316	2,382
	April	-	2,411	2,399	2,248
	May	-	2,491	2,295	2,358
	June	-	2,396	2,374	2,381
	July	-	2,363	2,448	2,271
	August		2,490	2,359	2,403
	September				
	October				
	November				
	December				

Source: Korea Agricultural Marketing Information Service (KAMIS)
(Exchange rate US$1 = 1,185.6 won (As of August 25, 2020)

Trade

The U.S. has continued to be the largest supplier of imported beef in 2020. This is largely due to the U.S. meat industry's efforts to increase consumer confidence in U.S. beef, competitive U.S product pricing, and 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. The 2021 ASG is set to increase to 177,569 MT, with the same safeguard duty of 30 percent, compared to the FTA duty which will drop to 18.6 percent in 2021. 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 attributable toCOVID-19. In addition to increased competition from higher domestic beef production, lower restaurant sales and institutional use, where imported beef is a staple, is expected to drive lower demand for imported beef. Although home meal replacement (HMR) demand is expected to increase as consumers choose to dine at home rather than eating out due to 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 virus phobia and, as a result, imported beef volume is projected to drop slightly. At this point, we are projecting this trend to continue into 2021.

Table 7: Korea: Beef Imports (Thousand dollars and metric tons)

Country	Annual 2019		January-July 2019		January-July 2020	
	Value	Volume	Value	Volume	Value	Volume
United States	1,745,507	235,729	1,025,910	136,926	1,022,268	141,559
Australia	1,038,788	177,806	664,997	114,995	623,878	105,275
New Zealand	71,505	16,015	50,944	11,353	43,670	9,371
Mexico	29,517	6,791	15,545	3,538	18,275	4,280
Canada	32,312	5,921	19,972	3,767	19,547	3,643
Uruguay	5,245	1,068	3,987	820	2,139	417
Chile	2,178	502	1,341	312	1,102	284
Argentina	1,087	204	396	82	1,377	254
Others	44	19	30	14	447	101
Total	2,926,183	444,055	1,783,122	271,807	1,732,703	265,184

Source: Korea Trade Statistics Promotion Institute
Product weight equivalent basis
Includes HS 0201 (fresh/chilled), HS 0202 (frozen), HS 021020 and 160250 (processed beef products)

Table 8: 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: Korea Rural Economic Institute

Table 9: 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%

Source: Ministry of Trade, Industry and Energy

PRODUCTION, SUPPLY AND DISTRIBUTION

Meat, Beef and Veal	**2019**		**2020**		**2021**	
Market Year Begins	**Jan 2019**		**Jan 2020**		**Jan 2021**	
Korea, Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Slaughter (Reference) (1000 HEAD)	887	887	903	903	0	987
Beginning Stocks (1000 MT CWE)	11	11	15	15	0	15
Production (1000 MT CWE)	286	286	291	291	0	318
Total Imports (1000 MT CWE)	550	550	530	530	0	520
Total Supply (1000 MT CWE)	847	847	836	836	0	853
Total Exports (1000 MT CWE)	0	0	0	0	0	0
Human Dom. Consumption (1000 MT CWE)	832	832	821	821	0	833
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT CWE)	832	832	821	821	0	833
Ending Stocks (1000 MT CWE)	15	15	15	15	0	20
Total Distribution (1000 MT CWE)	847	847	836	836	0	853
(1000 HEAD) ,(1000 MT CWE)						

Swine

Production

Since the first case of African Swine Fever (ASF) disease was found on a commercial farm on September 17, 2019, Korea has successfully contained this viral disease along the Demilitarized Zone (DMZ) and has not seen further positive cases on commercial farms since October 9, 2019. A total of 380,821 head of swine were culled as part of Korea's disease control efforts. Although ASF continues to be found in wild boar, the Ministry of Agriculture, Food and Rural Affairs announced a draft bill to allow affected farmers to repopulate their herd if they meet the quarantine control standards provided in the draft guidelines. Although the draft has not been finalized, Gyeonggi province, which suffered the most significant ASF damage, is already providing consultations with farmers on how to get their farms approved. Once this measure is in place, it would allow 207 farms to repopulate their stock. In total these establishments had been forced to cull 320,502 head.

Korea also suffered the worst flooding in 2020 since 2013. Some swine farms were flooded and a total of 6,928 head of swine, 1,220 head of cattle and over 80,000 head of poultry were killed.

Pork wholesale prices were negatively affected by COVID-19 and dropped below the break-even point (4,000 won/Kg is considered the break-even point) during the first quarter of 2020. In response, farmers began to down-size their inventory. As can be seen from the following table, their intention to raise sows continues to drop and as a result, the total inventory is projected to continue to drop for the remainder of 2020 and into 2021.

Table 10: Farmers' Intention to Raise Sows

Year	Sep	Oct	Nov	Dec	January of following year	February of following year
2020	91.5	91.6	93.0	93.1	93.4	93.4
2019	100.0	99.6	99.4	99.4	99.7	98.4
Change (%)	-8.5	-8.0	-6.4	-6.3	-6.3	-5.0

Source: Korea Rural Economic Institute

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

Month	2017	2018	2019	2020
January	358	325	273	247
February	362	347	265	274
March	374	343	318	330
April	415	375	369	362
May	425	391	351	432
June	485	438	354	399
July	456	432	344	412
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: National Agricultural Cooperative Federation

(Exchange rate US$1 = 1,185.6 won (As of August 25, 2020)

The pig crop increased in 2020 due to higher sow numbers in 2019 and favorable weather conditions. Sow numbers peaked in June 2019 and began to come down during the fourth quarter of 2019. The decline in sow numbers by the end of 2019 began to show its effect during the second half of 2020 and this trend is projected to continue into 2021. The lower number of PRRS and PED cases in 2020 compared to previous years has contributed to higher piglet numbers for the first half of 2020.

Table 12: Number of Porcine Disease Outbreak Cases

Disease	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Number of Cases									
PED	5	1	12	169	94	82	77	221	137	36
PRRS	44	47	69	47	44	40	20	29	29	13

Note: The number of cases for 2020 is from January to August 2020.

Source: Animal and Plant Quarantine Agency

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
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
2020	Mar	1041	3525	3415	3188	127	954
	Jun	1023	3505	3314	3205	125	939

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 (Production, Supply and Distribution) 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
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**
2020	Jan	1,562,642	766,028	826,614
	Feb	1,566,810	754,242	812,568
	Mar	1,583,419	758,429	824,990
	Apr	1,604,913	767,901	837,012
	May	1,410,414	676,240	734,174
	Jun	1,398,273	675,198	723,075
	Jul	1,485,424	713,511	771,913
	Total	**10,611,895**	**5,111,549**	**5,530,346**

Source: Animal and Plant Quarantine Agency

Table 15: Pork Wholesale Prices

Month / Year	2015	2016	2017	2018	2019	2020
	Won per kilogram					
January	4590	4396	4582	3853	3241	2923
February	4717	3920	4536	4114	3143	3248
March	4657	4246	4710	4063	3768	3915
April	5044	4461	5153	4439	4370	4286
May	5845	4969	5222	4635	4159	5115
June	5623	5437	5751	5192	4200	4734
July	5664	4881	5528	5120	4076	4889
August	5472	4829	5643	4838	4179	
September	4840	4970	5421	4909	4791	
October	4313	4415	4281	3911	3143	
November	4745	4540	4507	3675	3705	
December	4361	4335	4345	3597	3341	

Source: Korea Meat Trade Association (Exchange rate US$1 = 1,185.6 won (As of August 25, 2020)

PRODUCTION, SUPPLY AND DISTRIBUTION

Animal Numbers, Swine	**2019**		**2020**		**2021**	
Market Year Begins	**Jan 2019**		**Jan 2020**		**Jan 2021**	
Korea, Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Total Beginning Stocks (1000 HEAD)	11333	11333	11280	11280	0	11255
Sow Beginning Stocks (1000 HEAD)	1063	1063	1026	1026	0	1023
Production (Pig Crop) (1000 HEAD)	19889	19889	19465	19973	0	19140
Total Imports (1000 HEAD)	1	1	1	1	0	1
Total Supply (1000 HEAD)	31223	31223	30746	31254	0	30396
Total Exports (1000 HEAD)	0	0	0	0	0	0
Sow Slaughter (1000 HEAD)	0	0	0	0	0	0
Other Slaughter (1000 HEAD)	17825	17825	17880	18248	0	17192
Total Slaughter (1000 HEAD)	17825	17825	17880	18248	0	17192
Loss and Residual (1000 HEAD)	2118	2118	1716	1751	0	1974
Ending Inventories (1000 HEAD)	11280	11280	11150	11255	0	11230
Total Distribution (1000 HEAD)	31223	31223	30746	31254	0	30396
(1000 HEAD)						

Pork

Production

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

Total 2020 slaughter during the first seven months increased by 4 percent over the same period in 2019. Wholesale prices dropped to a level that is under the cost of production in October 2019 but have been over the break-even level since April 2020. The increased price is due to increased demand for home use pork under the COVID phobia that outpaced the increased domestic pork supply and reduced pork imports. The change in consumption from dining in restaurants to eating at home increased the demand for domestic pork while reducing the demand for imported pork. However, as sow numbers continue to come down after peaking in June 2019, the effect will begin to show in total domestic pork supply from the second half of 2020, as it takes ten months (114 days of pregnancy plus six month of feeding) for farmers to react to price changes. As a result, the effect of lower sow numbers will not show up until 2021. As such, domestic pork production will continue to increase in 2020 but then come down in 2021.

Consumption

The key dynamic for pork consumption in 2020 is the shifting origin of pork that is consumed in Korea. Imported pork is more popular for use in restaurants whereas domestic pork accounts for the lion's share of home use. As people refrain from dining out in restaurants due to COVID-19, imported pork consumption has dropped whereas domestic pork consumption increased. The Korean government's measure to prohibit dining in restaurants between 9pm and 5am for two weeks from August 30 to September 13 will further reduce pork consumption in restaurants. This measure, intended for one week, has already been extended once and may be extended further, depending on the number of COVID positive cases. As many companies continue to telework, restaurant demand continues to be sluggish.

The Home Meal Replacement (HMR) industry continues to process more pork. However, this is largely being prepared using imported meat due to its price competitiveness. Television home shopping channels aggressively promote premium HMR products. The advanced home delivery system in Korea allows consumers to order HMR products in the evening and receive these the next morning.

Table 16: Average Pork Purchase for Home Use

Description		2019 (A)	2020 (B)	Change ((B)/(A)
Average purchase amount per house (Kg.)	Domestic pork	5.50	6.38	16.0%
	Imported pork	1.89	2.40	2.6%

Note: Period covered for the survey is from Feb 24 – July 12
Source: Kantar Worldpanel Division and Korea Rural Economic Institute

Table 17: Production Index of Korean restaurant and Agency Cafeteria

Description		2019 (A)	2020 (B)	Change ((B)/(A)
Production Index	Korean restaurant	92.5	71.2	-23.0%
	Agency Cafeteria	104.3	78.8	-24.4%

Note: Average production index for the period March – June. Constant index.
Source: Statistic Office of Korea, Korea Rural Economic Institute

According to a survey conducted by the Rural Development Administration, 65 percent of total pork was consumed at home, while 35 percent took place in restaurants. Among the pork consumed at home, 77 percent was domestic pork and 23 percent was imported pork. The portion of imported pork consumption in restaurants was higher at 41 percent and the remainder being domestic pork. Given that pork consumption increased for home use while pork consumption in restaurants dropped, the consumption of domestic pork actually ended up benefitting from COVID-19 as the bulk of the drop in pork consumption in restaurants ended up switching to home use where domestic pork is more popular. At the same time, imported pork that was more competitive in restaurants suffered the most from COVID-19.

Table 18: Change in Consumption Pattern Due to COVID-19

Consumption Venue	Country-of-origin	Change in Pork Consumption
Home use	Domestic Pork	8.0%
	Imported Pork	0.4%
Dining in restaurants	Domestic Pork	-4.8%
	Imported Pork	-3.4%
Total		0.2%

Source: Korea Rural Economic Institute

Table 19: 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 stabilized in 2020 after reaching a peak in 2018. This is mainly due to the high inventory of pork brought in for processing that is still in storage as demand did not increase as much as the increase in imports. Some of the larger past imports are attributed to supply concerns related to ASF. Also, domestic ham stocks have doubled in 2020 and these are in direct competition with imported pork for processing. Some of the meat processors are actively promoting the fact that they use domestic pork to differentiate their products against those that use imported pork.

As can be seen from table 20 on pork import by cuts, the largest drop in imports during the first seven months of 2020 was in picnic cuts, which are mainly used for processing purposes and frozen single rib belly, which is used by restaurants. As imports drop of these two items, which are competitive with domestic pork, total pork imports are projected to drop in 2020.

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

Cut		2018 (A)	2019 (B)	Jan-Jul, 2019 (C)	Jan-Jul, 2020 (D)	(B) / (A)	(D) / (C)
Chilled	Tenderloin	0	0	0	0	N/A	N/A
	Loin	1	7	0	16	7.00	N/A
	Collar butt	7,130	6,604	3,883	3,098	0.93	0.80
	Picnic	440	448	198	356	1.02	1.80
	Ham	6	0	0	0	N/A	N/A
	Single rib belly	16,264	14,173	8,621	6,661	0.87	0.77
	Rib	0	1	0	0	N/A	N/A
Frozen	Tenderloin	8	3	1	1	0.38	1.00
	Loin	13,858	15,933	11,704	3,993	1.15	0.34
	Collar butt	42,715	59,290	38,961	32,336	1.39	0.83
	Picnic	197,047	152,029	105,392	76,521	0.77	0.73
	Ham	5,645	9,555	7,113	554	1.69	0.08
	Single rib belly	168,564	150,650	99,845	74,962	0.89	0.75
	Rib	10,081	10,756	6,461	7,167	1.07	1.11
	Other	1,762	1,893	1,199	533	1.07	0.44
TOTAL		463,521	421,342	283,378	206,198	0.91	0.73

Source: Ministry of Food and Drug Safety (The above data is based on inspection conducted for imported pork on a Product Weight Equivalence (PWE) basis.)

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 = 1,185.6 won (As of August 25, 2020)
Source: Korea Rural Economic Institute

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

Country	Annual 2019		January-July 2019		January-July 2020	
	Value	Volume	Value	Volume	Value	Volume
United States	537,739	189,432	341,664	123,340	311,480	109,010
Germany	343,108	109,868	201,391	66,775	199,931	56,348
Spain	263,659	77,560	170,010	51,635	112,886	27,484
Chile	116,718	30,695	70,842	19,404	66,242	15,744
Canada	127,874	43,475	78,558	26,278	70,806	23,649
Netherlands	70,545	20,396	45,543	14,165	34,425	7,433
Austria	48,612	13,544	29,599	8,508	28,766	7,081
Mexico	41,601	11,694	25,496	7,308	13,631	3,772
Denmark	39,048	15,110	25,816	10,026	15,312	5,075
Finland	14,836	4,067	7,742	2,176	11,782	2,987
France	22,394	5,374	13,099	3,259	11,645	2,555
Brazil	7,451	3,454	2,645	1,446	6,053	2,141
Others	21,257	9,563	14,858	6,816	9,365	3,950
Total	1,654,842	534,232	1,027,263	341,136	892,324	267,229

Source: Korea Trade Statistics Promotion Institute
Product Weight Equivalent basis
Includes: HS 020311, 020312, 020319 (fresh/chilled), HS 020321, 020322, 020329 (frozen), 021011, 021012,021019, 160241, 160242, and 160249 (processed pork products)

PRODUCTION, SUPPLY AND DISTRIBUTION

Meat, Swine	2019		2020		2021	
Market Year Begins	Jan 2019		Jan 2020		Jan 2021	
Korea, Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference) (1000 HEAD)	17825	17825	17880	18248	0	17192
Beginning Stocks (1000 MT CWE)	180	180	225	225	0	252
Production (1000 MT CWE)	1364	1364	1370	1396	0	1315
Total Imports (1000 MT CWE)	694	694	600	580	0	600
Total Supply (1000 MT CWE)	2238	2238	2195	2201	0	2167
Total Exports (1000 MT CWE)	2	2	1	1	0	2
Human Dom. Consumption (1000 MT CWE)	2011	2011	1944	1948	0	1940
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT CWE)	2011	2011	1944	1948	0	1940
Ending Stocks (1000 MT CWE)	225	225	250	252	0	225
Total Distribution (1000 MT CWE)	2238	2238	2195	2201	0	2167
(1000 Head) (1000 MT CWE)						

Attachments:

No Attachments