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GAIN Report

Global Agricultural Information Netv

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Korea - Republic of

Livestock and Products Semi-annual

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Report Highlights:

The Korean government revised official cattle inventory statistics going back to the end of 2014. Post data has been updated as a result. This semi-annual estimates higher calf production next year but sees beef production slightly lower, with increased imports facilitating yet another year of growing consumption. Korea's swine herd will continue to expand next year to support higher pork consumption. Sector profitability will drive increased production, reducing import demand.

Cattle

Production

The Korean government changed the basis for estimating cattle inventory as of September 2017. The Korea Statistics Service switched from a sample survey-based cattle inventory estimate to the actual number of cattle registered under the traceability system. As it is mandatory to register cattle under the traceability system, this change will allow for more accurate inventory numbers. However, this change increased cattle inventory statistics by an average of 240,000 heads. The PS&D for cattle is now based on the new inventory numbers.

Post forecasts that calf production in 2018 will move higher after dropping slightly in 2017. The 2017 calf production estimate is lowered based on lower semen sales during the period March 2016 to February 2017, which reflects calf production in 2017 (100% of production is via artificial insemination [AI]). This period's semen sales were 94.1 percent of the amount sold during this same period a year before. However, semen sales during the period March 2017 to January 2018, which determines calf production in 2018, have increased 8.4 percent over the same period from the previous year. The largest factor for cow-calf operations in determining whether to increase herd size is calf prices. The price of female calves began to pick up in September 2017. Although male calf prices fluctuated during this period, they are still higher than the previous year's price levels. Another positive factor for increased calf production in 2018 is the fact that cows and breeding age heifers increased by 1.8 percent in December 2017, compared to the same period in 2017. Finally, the cow slaughter ratio dropped to 46.3 percent in 2017 compared to 49.5 percent in 2016, reflecting farmers' intentions to hold onto cows to facilitate an increase in herd size. All of these factors will play favorable roles in increasing calf production in 2018. Another component of production that will allow livestock farmers to continue to raise cattle is the government's decision to postpone the registration of livestock farms by 15 months. The initial plan was to ban livestock farming on farms that are not registered by March 2018. Farmers need to meet certain criteria to register their farms, but the smaller farms had difficulty in meeting such criteria.

The PS&D calf production numbers, which are estimates based on the inventory and slaughter numbers were revised to reflect the change in total inventory numbers.

Despite higher inventory and higher calf production numbers in 2018, due to the drop in the number of market-ready cattle, total slaughter for 2018 was revised downwards. Inventory for cattle that are over two years old (i.e. market-ready) have dropped from 1.34 million in September 2017 to 1.24 million in December 2017. The inventory of cattle under two years has also dropped, from 1.78 million heads to 1.75 million heads during the same period. Given that farmers will be retaining higher number of cows for breeding, the number of cattle to be harvested will drop even further than the fall in the inventory number.

Ending stocks in 2018 are forecast to increase slightly, as farmers increase their herd size and calf numbers begin to increase from higher sales of semen.

Korea: Farmers' Intention for Cattle Herd Size

Year	Month	Farmers' Plan		
		Maintain same level	Will Increase herd size	Will reduce herd size
2013	March	96.8	1.4	1.8
	June	95.2	1.1	3.7
	September	90.4	0.5	9.1
	December	94.5	1.0	4.5
2014	March	95.3	1.1	3.6
	June	92.7	2.2	5.1
	September	92.1	1.3	6.6
	December	92.1	1.5	6.4
2015	March	95.8	1.2	3.0
	June	97.4	0.3	2.3
	September	97.0	1.5	1.5
	December	98.3	0.3	1.3
2016	March	96.5	1.5	2.0
	June	92.3	5.2	2.5
	September	94.6	3.5	1.9
	December	96.5	2.5	1.0
2017	March	94.6	3.4	2.0
	June	97.0	2.2	0.8
	September	98.6	1.4	0.0
	December	98.1	1.5	0.5
2018	March	98.6	1.4	0.0

Source: KREI

Hanwoo Semen Sales (Unit: 1,000 straws)

Month	2013	2014	2015	2016	2017	Change (Percent) 1/
Jan	102	121	120	123	141	114.6
Feb	98	108	115	99	47	- 47.5
Mar	133	129	136	149	176	118.1
Apr	150	151	148	145	158	109.0
May	166	159	138	141	160	113.5
Jun	184	188	222	204	211	103.4
Jul	216	206	229	199	229	115.1
Aug	157	197	162	181	170	-93.9
Sep	162	190	202	167	214	128.1
Oct	153	163	162	156	180	115.4
Nov	125	152	153	134	148	110.4

Dec	131	145	140	137	122	-89.1
Total	1,777	1,909	1,927	1,835	1,956	106.6

Source: GS&J and KREI

Note:

1/ The change is a comparison of 2017 sales over the same month in 2016.

Monthly Cattle Slaughter Trend

Year	Month	Cow		Bulls/steers		Total	
		Head	Percent of total	Head	Percent of total	Sub-total	Percent of annual
2016	Jan	55,137	46.4	63,641	53.6	118,778	13.8
	Feb	26,317	53.3	23,046	46.7	49,363	5.7
	Mar	33,887	51.0	32,503	49.0	66,390	7.7
	Apr	34,406	51.8	31,980	48.2	66,386	7.7
	May	33,947	52.9	30,228	47.1	64,175	7.4
	Jun	32,134	52.9	28,641	47.1	60,775	7.1
	Jul	30,267	53.0	26,888	47.0	57,155	6.6
	Aug	44,764	49.0	46,519	51.0	91,283	10.6
	Sep	37,026	51.9	34,252	48.1	71,278	8.3
	Oct	31,374	46.4	36,206	53.6	67,580	7.8
	Nov	30,998	46.5	35,635	53.5	66,633	7.7
	Dec	36,129	44.2	45,562	55.8	81,691	9.5
	Total	426,638	49.5	435,101	50.5	861,487	100.00
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

Source: Quarantine Inspection Agency

Farm Income per Head of Beef Cattle (estimate based on 600 Kg. cattle)

Description			Carcass Grade				
			1++	1+	1	2	3
Income	Thousand won	2011	1,420	672	169	-830	-1,764
		2012 a/	1,339	683	108	-998	-1,941
		2013 a/	1,553	750	194	-676	-1,444
		2014 a/	1,906	1,247	776	102	-466
		2015 a/	2,221	1,640	1,197	466	-162
		2016 a/	2,260	1,489	1,037	145	-711
		2017 a/	1,622	675	194	-1,662	-3,300
Ratio of carcass in each grade	Percent	2011	9.2	22.6	30.6	25.5	11.6
		2012	8.1	17.8	25.5	26.7	22.0
		2013	9.2	21.0	31.0	27.1	11.2
		2014	9.5	22.8	32.7	25.2	9.5
		2015	10.0	26.4	31.4	24.0	8.0
		2016 b/	10.2	36.1	26.9	20.2	6.3
		2017 b/	10.9	32.4	29.4	19.6	7.4

a/ Estimate

b/ Percentage for December 2016 and 2017.

Source: KREI and Korea Institute of Animal Products Quality Evaluation

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

Month	Calf						Cow			Steer		
	Female			Male			2016	2017	2018	2016	2017	2018
	2016	2017	2018	2016	2017	2018						
Jan	261 1	211 4	256 3	310 6	268 1	310 5	577 5	534 1	559 9	574 1	499 5	469 6
Feb	267 6	239 0		319 8	257 8		576 9	545 6		555 9	501 8	
Mar	236 4	234 8		328 1	316 0		583 9	547 5		564 2	499 7	
Apr	260	258		356	344		585	534		580	469	

	3	7		1	4		9	2		8	0	
May	281 2	282 1		373 5	370 8		591 5	529 3		562 3	456 1	
Jun	293 0	248 0		390 7	373 9		597 2	533 0		565 3	450 4	
Jul	292 3	244 5		400 8	360 1		599 6	527 1		571 5	458 2	
Aug	281 1	240 9		369 1	344 5		586 2	543 8		570 7	461 0	
Sep	277 9	311 6		372 7	356 3		577 7	537 8		557 7	472 1	
Oct	264 2	271 5		347 5	358 9		583 9	553 7		572 3	460 4	
Nov	219 6	267 5		291 3	342 4		552 2	557 4		552 2	491 5	
Dec	238 7	279 9		304 6	329 6		558 0	558 1		565 0	489 9	

Source: National Agricultural Cooperative Federation
Exchange rate US\$1 = 1,084.8 won (As of February 22, 2018)

PS&D

Animal Numbers, Cattle Market Begin Year Korea, Republic of	2016		2017		2018	
	Jan 2016		Jan 2017		Jan 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	3088	3337	3121	3381	3093	3406
Dairy Cows Beg. Stocks	293	334	291	327	290	321
Beef Cows Beg. Stocks	1099	1339	1107	1355	1170	1379
Production (Calf Crop)	905	916	852	909	900	950
Total Imports	0	0	0	0	0	0
Total Supply	3993	4253	3973	4290	3993	4356
Total Exports	0	0	0	0	0	0
Cow Slaughter	426	426	403	404	410	393
Calf Slaughter	0	0	0	0	0	0
Other Slaughter	435	435	467	469	470	462
Total Slaughter	861	861	870	873	880	855
Loss	11	11	10	11	10	10
Ending Inventories	3121	3381	3093	3406	3103	3491
Total Distribution	3993	4253	3973	4290	3993	4356
(1000 HEAD)						

Beef

Production

Post forecasts that beef production in 2018 will decline slightly as farmers retain their cow herd to increase the total number of cattle. Cattle aged over two years dropped from 1.34 million in September

2017 to 1.24 million in December 2017. The drop in this age category will have an impact on the market throughout 2018. As these cattle come into the market for slaughter, 2018 production is expected to drop slightly. Farmers' intentions to retain higher numbers of cows for breeding purposes will also reduce the number of cattle slaughtered in 2018.

Korea's anti-graft law was revised on December 11, 2017, to help farmers sell more gift packages during the holiday season. The government raised the ceiling for gifts that contain more than 50 percent agricultural products, from 50,000 won to 100,000 won. This ceiling increase will allow more consumers to purchase Hanwoo (native Korean) beef gift packages. Hanwoo gift packages are one of the most popular holiday gift options and are difficult to offer commercially under a ceiling of 50,000 won. Compared to sales prior to the revision, major department stores announced that Hanwoo gift package sales increased 26 – 40 percent during the last lunar new year (February 2018), the first after the revision of the anti-graft law.

Consumption

Despite the relative drop in domestic Hanwoo production, total consumption of beef in 2018 is projected to continue to increase. Most of this growth will be made up by imports. Imported U.S. beef will provide the biggest contribution in filling the consumption gap, due to its price competitiveness. Hanwoo beef (Grade 1) prices were 2.08 times more expensive than chilled U.S. beef in 2017, compared to being 1.83 times higher in 2016. In addition, as the price of domestic pork continues to increase, the price competitiveness of U.S. beef over these products also increased. The domestic pork price was 94 percent of U.S. chilled beef, which is a significant increase from 79 percent in 2016. Expectations for increased US beef production in 2018 and appreciation of the Korean won against the U.S. dollar should ensure these price ratios continue in 2018.

In addition to the price competitiveness of U.S. beef, the increasingly favorable consumer perception of U.S. beef also contributed to growing demand for U.S. beef. As can be seen from the following table, the ratio of consumers that have purchased U.S. beef continues to go up, reflecting consumers' growing confidence in U.S. beef.

Experience in purchasing U.S. Beef (Percent)

Year	Have Purchased U.S. Beef	Have Not Purchased U.S. Beef
2013	51.6	48.4
2014	52.2	47.8
2015	50.1	49.9
2016	64.8	35.2

2017	65.9	34.1
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Source: KREI

Comparison of Average Retail Price for Bulgogi Cut Beef and Korean Pork (Won per 100 gram)

Origin	Quality	2015	2016	2017	Change in price		Price ratio over U.S. chilled beef		
					2016 over 2015	2017 over 2016	2015	2016	2017
Korean Hanwoo	Grade 1	3739	4575	4622	1.22	1.01	1.33	1.83	2.08
	Grade 3	2522	3092	3160	1.23	1.02	0.90	1.24	1.43
U.S. Beef	Chilled	2812	2500	2217	0.89	0.89	1.00	1.00	1.00
	Frozen	1722	1765	1712	1.02	0.97	0.61	0.71	0.77
Australian Beef	Chilled	2206	2218	1962	1.01	0.88	0.78	0.89	0.88
	Frozen	1452	1500	1520	1.03	1.01	0.52	0.60	0.69
Korean Chilled Pork Belly		2010	1974	2095	0.98	1.06	0.71	0.79	0.94

Source: KAMIS

Exchange rate US\$1 = 1,084.8 won (As of February 22, 2018)

Retail Prices for Beef Short Ribs (2016 – 2018)				Unit: Won per 100 gram			
Year	Month	Domestic Hanwoo (chilled)		U.S. A.		Australia	
		#1 Grade	#3 Grade	Chilled	Frozen	Chilled	Frozen
2016	January	4,991	-	1,518	2,251	2,308	1,800
	February	5,091	-	2,389	2,249	2,448	1,800
	March	4,974	-	1,786	2,249	2,309	1,800
	April	4,957	-	2,003	2,249	1,965	1,797
	May	4,930	-	1,795	2,249	2,220	1,796
	June	4,976	-	1,918	2,257	2,257	1,823
	July	4,988	-	1,781	2,264	2,137	1,850
	August	5,016	-	1,701	2,265	2,174	1,850
	September	5,007	-	2,269	2,237	2,289	1,881
	October	5,053	-	2,028	2,251	2,287	1,898
	November	5,100	-	2,249	2,266	2,248	1,867
	December	5,063	-	2,114	2,264	2,145	1,878
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	5,193	-	1,700	2,446	2,101	1,963

Source: KAMIS

Exchange rate US\$1 = 1,084.8 won (As of February 22, 2018)

Trade

The U.S. became the largest supplier of imported beef in 2017. This is largely due to efforts of the U.S. industry's export organization to increase consumers' confidence level in U.S. beef, coupled with a shortage of Australian beef supplies. The shortage in domestic beef production is expected to provide an opportunity for increased beef imports in 2018. Also, the increased price competitiveness of U.S. beef, coupled with lower duties coming from the KORUS Free Trade Agreement, will further enhance the competitiveness of U.S. beef in 2018. As price is a major driver of the decision to purchase imported beef instead of domestic beef, U.S. beef exports are projected to increase nearly three percent in 2018.

Australian beef imports exceeded the Agricultural Safeguard (ASG) level of 164,046 MT in November 2017, and, thereafter, beef imports were subject to a 40 percent duty, rather than the 29.3 percent duty that is provided by the Korea-Australia FTA. This safeguard ceiling will be increased to 167,327 MT in 2018.

Korea has been exporting a small amount of chilled Hanwoo to Hong Kong. The first export was made in 2015 when Korea exported a symbolic amount of 1 MT. In 2016, this increased to 47 MT and increased again in 2017 to 57 MT. Korean exporters are committed to shipping fresh chilled beef, rather than frozen, in order to enhance the quality of Korean Hanwoo beef shipped to Hong Kong. These sales compete with Japanese Wagyu beef. Some of the exporters want to ship frozen beef, but these sales have not started yet.

Korea: Beef Imports (Thousand dollars and metric tons)

Country	Annual 2015		Annual 2016		Annual 2017	
	Value	Volume	Value	Volume	Value	Volume
United States	749,003	106,492	967,020	156,077	1,177,257	177,445
Australia	974,429	167,788	997,673	179,904	957,885	172,803
New Zealand	78,780	18,230	91,488	22,535	84,585	18,810
Canada	7,562	1,305	21,244	4,485	24,364	5,174
Uruguay	5,534	1,046	10,641	2,134	11,753	2,559
Mexico	314	144	2,295	623	7,126	1,932
Chile	2,491	641	3,319	828	2,469	604
Others	132	54	226	58	273	88

Total	1,818,245	295,700	2,093,906	366,644	2,265,712	379,415
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Source: GTA

Product equivalent basis

Includes HS 0201 (fresh/chilled), HS 0202 (frozen), HS 021020 and 160250 (processed beef products)

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 5 th year of phase out)	Duty phased out in 15 years plus Agricultural Safeguard (Already in 3 rd year of phase out)	Duty phased out in 15 years plus Agricultural Safeguard (In its 2nd year of phase out)
	Base duty	40%	40%	40%
	Applicable duty in 2017	24.0%	29.3%	32.0%
	Applicable duty in 2018	21.3%	26.6%	29.3%

PS&D

Meat, Beef and Veal Market Begin Year Korea, Republic of	2016		2017		2018	
	Jan 2016		Jan 2017		Jan 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	861	861	870	873	880	855
Beginning Stocks	13	13	13	13	25	7
Production	277	277	280	281	285	275
Total Imports	513	513	550	531	560	559
Total Supply	803	803	843	825	870	841
Total Exports	5	5	1	1	2	1
Human Dom. Consumption	785	785	817	817	848	830
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	785	785	817	817	848	830
Ending Stocks	13	13	25	7	20	10
Total Distribution	803	803	843	825	870	841
(1000 HEAD) ,(1000 MT CWE)						

Swine

Production

Korea's sow numbers increased further in 2017 as farmers continued to increase their herd sizes to capture high pork prices. In September 2017, Korean sow numbers reached their highest level since 2010. The 2017 average pork wholesale prices were 7.7 percent higher than in 2016. Although, prices began to stabilize starting in October 2017, they are expected to pick up again in March, 2018 as school lunch programs resume and as people return to picnics and cookouts with warmer weather. The high wholesale prices for most of 2017 increased farmers' intentions to continue managing sows by 2.4 percent for March 2018 and 0.9 percent for June 2018, compared to the same period a year ago. This sow demand is corroborated by data from sow farms showing candidate sales increased by 221,523 head (11.3 percent) in 2017 over the 2016 level. Feed prices are also expected to continue supporting profitability in the sector. Finally, the modernization of livestock farms has brought about increase in Marketed per Sow per Year (MSY) and decrease in porcine diseases.

Number of Porcine Disease Outbreak Cases

Disease	2010	2011	2012	2013	2014	2015	2016	2017
	Number of Cases							
PED	12	5	1	12	169	94	82	77
PRRS	104	44	47	69	47	44	40	20

Source: www.kahis.go.kr

Sound disease management, continued sow herd expansion, and expectations for continued strong pork prices, will combine to drive Korea's swine inventory numbers higher in 2018. Demand is being driven by processed meat producers' growing use of domestic pork. Consumers demand for pork will also increase as a substitute for poultry due to consumer perceptions related to the ongoing (though relatively limited) Highly Pathogenic Avian Influenza (HPAI) outbreak, which began in November 2017, and this past summer's incident involving pesticide contamination in domestic eggs.

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
	Mar	968	3210	3183	2922	105	896
2016	Jun	981	3238	3124	2980	108	905
	Sep	984	3313	3238	3100	104	914
	Dec	974	3216	3099	3041	109	901
	Mar	986	3245	3124	2941	109	909
2017	Jun	1005	3305	3083	3006	118	919
	Sep	1007	3376	3221	3147	108	930
	Dec	1000	3251	3128	3105	113	918

Source: Korea Statistic 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.

Monthly Swine Slaughter

Year	Month	Slaughter number (heads)		
		Total	Gilt/Sows	Boar
2016	Jan	1,411,936	709,898	702,038
	Feb	1,299,040	656,112	642,928
	Mar	1,510,625	763,038	747,587
	Apr	1,353,123	687,036	666,087
	May	1,350,794	688,440	662,354
	Jun	1,246,641	637,255	609,386
	Jul	1,219,703	624,704	594,999
	Aug	1,288,178	663,228	624,950
	Sep	1,310,488	667,176	643,312
	Oct	1,456,715	739,418	717,297
	Nov	1,570,371	793,119	777,252
	Dec	1,528,139	775,497	752,642
	Total	16,545,753	8,404,921	8,140,832
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

Source: APQA

Pork Wholesale Prices

Month	Year	2013	2014	2015	2016	2017	2018
		Won per kilogram					
January		3003	3462	4590	4396	4582	4111
February		2881	3903	4717	3920	4536	
March		2812	4653	4657	4246	4710	
April		3512	4692	5044	4461	5153	
May		3549	4902	5845	4969	5222	
June		4374	5771	5623	5437	5751	
July		3891	5064	5664	4881	5528	
August		4166	5150	5472	4829	5643	
September		3929	4936	4840	4970	5421	
October		3270	4755	4313	4415	4281	
November		3934	5415	4745	4540	4507	
December		3868	4890	4361	4335	4345	

Source: KMTA

Exchange rate US\$1 = 1,084.8 won (As of February 22, 2018)

PS&D

Animal Numbers, Swine	2016		2017		2018	
	Jan 2016		Jan 2017		Jan 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Begin Year						
Korea, Republic of						
Total Beginning Stocks	10187	10187	10366	10367	10600	10514
Sow Beginning Stocks	958	958	974	974	998	1000
Production (Pig Crop)	18383	18384	18801	18551	19200	19354
Total Imports	3	3	3	4	3	4
Total Supply	28573	28574	29170	28922	29803	29872
Total Exports	0	0	0	0	0	0
Sow Slaughter	0	0	0	0	0	0
Other Slaughter	16546	16546	16880	16728	17200	17270
Total Slaughter	16546	16546	16880	16728	17200	17270
Loss	1661	1661	1690	1680	1728	1727
Ending Inventories	10366	10367	10600	10514	10875	10875
Total Distribution	28573	28574	29170	28922	29803	29872

Pork

Production

As total swine inventory rose in 2017 and continues climbing in 2018, total swine slaughter is projected to increase through 2018. Pork production is projected to increase further in 2018, due to increased swine inventory in 2017 that is projected to carry over into 2018. Feed production for feeder hogs during the period September through November 2017, the time frame that impacts the slaughter number for January to April 2018, increased by 3.4 percent over the corresponding 2017 period.

Consumption

The increased supply of domestic pork will enhance the price competitiveness of Korean pork compared to Hanwoo beef and other proteins in 2018. The price ratio of domestic chilled pork bellies against U.S. chilled beef had jumped from 0.79 in 2016 to 0.94 in 2017, meaning domestic pork bellies were only 94 percent of the price of U.S. chilled beef. Increased domestic pork supply in 2018 should lower or moderate the price of domestic pork bellies and widen the gap against U.S. chilled beef and other origin protein, making domestic pork more attractive to consumers.

The number of single person households in Korea continues to increase. This has increased the demand for Home Meal Replacement (HMR) dishes. TV dinner style lunch boxes have become more and more popular among these single person households as a HMR. However, as beef is not a price competitive ingredient for these HMR, the use of pork has increased in this market.

Korean consumers prefer domestic pork over imported pork, due to concerns over the safety of imported pork, such as the 2017 case of E Hepatitis in imported pork from Germany and Netherlands. According to a consumer survey conducted by the Korea Rural Economic Institute, the factors affecting consumers' purchases of pork products were cut (pork bellies, Boston butt, ribs, etc.) followed by country of origin, price, and quality (freshness). The same survey showed that consumers prefer domestic pork due to perceptions of nutrition, health and taste. The reasons cited for a projected reduction in consumption of imported pork were suspicion over safety and taste, with domestic pork seen as superior.

Trade

Post forecasts 2018 pork imports to decline slightly as the domestic pork supply continues to increase. U.S. pork has enjoyed increasing market share throughout 2017 thanks to increased production and duty free status from the KORUS FTA. The EU was subject to a 9.1 percent duty in 2017 and will be subject to a 6.8 percent duty in 2018. Projections for appreciation of the Korean won against the U.S. dollar, coupled with duty free access and increased U.S. pork production in 2018 will enable the U.S. to maintain its market share in 2018, despite the overall decline in pork imports.

Price competitiveness of U.S. Pork against EU Pork

Category	Country	Unit	2017	2018	2022	2027
Exchange rate			Won / US dollar	1,139	1,104	1,171
Import duty	U.S.A.	Percent	0.0	0.0	0.0	0.0
	EU		9.1	6.8	0.0	0.0
	Other		14.4	10.5	6.6	6.6
Import price	U.S.A.	U.S. dollar / Kg.	2.74	2.52	2.51	2.61
	EU		3.28	3.41	3.66	4.05
	Other		2.70	2.79	2.98	3.30
Wholesale price	U.S.A.	Won / Kg.	3,600	3,208	3,401	3,542
	EU		4,693	4,635	4,953	5,486
	Other		4,037	3,918	4,289	4,750

Source: KREI

Korea: Pork Imports

Unit: Thousand dollars and Metric Tons

Country	Annual 2015		Annual 2016		Annual 2017	
	Value	Volume	Value	Volume	Value	Volume
United States	428,269	139,753	377,478	141,273	430,925	157,087
Germany	231,934	80,816	245,127	86,813	380,223	110,451
Spain	164,729	62,966	174,432	71,655	178,065	60,936
Chile	122,832	31,560	116,197	32,979	115,196	27,410
Canada	86,332	41,083	81,311	35,237	96,666	35,090
Netherlands	49,011	14,854	53,674	17,097	83,809	22,243
Austria	61,313	19,301	57,936	18,122	65,284	17,058
Mexico	34,087	10,158	48,382	13,762	57,044	15,340
Denmark	59,127	20,761	45,958	18,384	47,002	17,228
Belgium	36,483	11,645	38,430	12,617	36,807	9,626
France	37,679	9,464	28,102	7,480	31,149	7,285
Hungary	14,450	4,297	15,647	4,466	17,508	4,358
Others	34,854	14,069	28,194	13,306	30,935	12,330
Total	1,361,100	460,727	1,310,868	473,191	1,570,613	496,442

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 Market Begin Year Korea, Republic of	2016		2017		2018	
	Jan 2016		Jan 2017		Jan 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	16546	16546	16880	16728	17200	17270
Beginning Stocks	118	118	103	103	110	100
Production	1266	1266	1307	1280	1332	1321
Total Imports	615	615	680	645	655	620
Total Supply	1999	1999	2090	2028	2097	2041
Total Exports	2	2	2	2	2	2
Human Dom. Consumption	1894	1894	1978	1926	1990	1934
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	1894	1894	1978	1926	1990	1934
Ending Stocks	103	103	110	100	105	105
Total Distribution	1999	1999	2090	2028	2097	2041
(1000 HEAD) ,(1000 MT CWE)						