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Global Agricultural Information Network

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Korea - Republic of

POULTRY AND PRODUCTS ANNUAL

Annual

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Report Highlights:

Broiler production in 2010 is forecast to grow for the second straight year, reaching 629,000 tons. Nearly 80 percent of production is broiler meat. The local chicken industry expects production to grow around 5 percent each year for the next decade as local consumers become increasingly aware that chicken, particularly breast meat, is a healthy alternative to red meat. The industry anticipates that the shift towards increased breast meat consumption will require a larger sized broiler averaging 2-2.5 kg, instead of the current 1.5 kg.

Commodities:

Select

Production:

Broiler production in 2010 is forecast to grow for the second straight year, reaching 629,000 tons. Nearly 80 percent of production is broiler meat. The local chicken industry expects production to grow around 5 percent each year for the next decade as local consumers become increasingly aware that chicken, particularly breast meat, is a healthy alternative to red meat. The industry anticipates that the shift towards increased breast meat consumption will require a larger sized broiler averaging 2-2.5 kg, instead of the current 1.5 kg.

Production in 2009 is estimated at 605,000 tons, rebounding 7 percent from the previous year when avian influenza had wreaked havoc on the local poultry industry. Broiler inventories at the end of June reached record levels as growers responded to a higher farm price, which has nearly doubled since last year to 2,000 won/kg (boneless basis).

This recovery was faster than previously expected as consumer demand remained strong because of earlier efforts to educate consumers about the disease as well as proper handling and cooking instructions. In addition, of the 10 million poultry culled during the 2008 HPAI outbreaks, only 2-3 million were broilers, which were quickly replaced.

Production is also up this year as some restaurants have increased demand for domestic broiler meat in order to minimize the cost and hassle of changing their menus to comply with the new country-of-origin labeling (COOL) requirements. These labeling requirements, which became effective in December 2008, require restaurants serving chicken as well as red meat, rice and kimchi to state the origin of these products on the menu. The Korea Chicken Council (KCC) estimates that there are roughly 80,000 to 90,000 fried chicken restaurants in Korea. The same COOL requirements also apply to the school lunch program.

The economic recession has also played a minor role in increased production as consumers have started eating more inexpensive chicken. Demand for broiler meat also ticked up slightly during the months following the outbreaks of H1N1 as consumers briefly switched away from pork to chicken. This was a short lived trend and is not expected to impact future production at this time.

The 2008 production statistics were revised to match the Korean government's latest figures.

Consumption:

Consumption of domestic broiler meat is expected to rise to 680,000 tons in 2010 and is forecast to grow over the coming years as health conscious consumers begin to eat more breast meat. In fact, there are advertisements with local celebrities touting the health benefits of chicken.

The demand for broiler cuts is expected to continue its gradual climb upward as more consumers prefer the convenience of packaged ready-to-cook breast, leg and wing meat instead of the whole bird. Currently, broiler cuts only represent 25 percent of total production (excludes whole fryers used in chicken ginseng soup). MIFAFF estimates that consumer demand for broiler meat cuts will grow quickly to account for 50 percent of total production by 2012.

As noted above, country of origin labeling, the economy and H1N1 have pushed consumption of domestic broiler meat upwards to 663,000 tons in 2009. Consumers are also preparing and eating chicken at home more often than in the past because of the challenging worldwide economic conditions.

Packaging Requirement to Change

The Ministry of Food, Agriculture Forestry & Fisheries (MIFAFF) plans to introduce mandatory packaging requirements to improve the safety of fresh poultry meat beginning in 2010. In particular, under this new standard, fresh poultry meat will be packaged following official inspection and then maintained at a temperature of 2-5 degrees Celsius. Imported poultry meat is not subject to this requirement.

The MIFAFF plans to implement this system in 2010 to distinguish domestic chickens and imported chickens to Korean consumers.

Trade:

Imports

Broiler meat imports in 2010 are expected to climb slightly to 65,000 tons as feed prices settle down and the local currency stabilizes. A large percentage of the imported chicken meat will go for processing and other businesses, such as institutions specializing in home delivery. Imports from the United States during this period are estimated at 30,000 tons.

Imports in 2009 are expected to slip from the previous year to 63,000 tons because of the strong international broiler prices and weak local currency during the first six months of 2009. As noted previously, imports are also down in part due to the new COOL requirements for restaurants.

Imports of breast meat, mostly from Brazil, surged to more than 1,000 tons during the first six months of this year, which was 15 times higher than the same period last year, as more young consumers are becoming more diet conscious. With that said, though, the majority of imported chicken meat is still frozen legs or wings, which reached about 24,000 tons from January - June of this year.

The United States is the largest supplier of chicken cuts to the Korean market and Brazil is a close second, and China a distant third. U.S. broiler meat shipments are generally bone-in cuts that are bulk packed (15 kg) and are used for processing. Meanwhile, Brazilian meat is typically vacuum packed boneless cuts (2 kg), which is more ideal for retail. Chinese broiler meat imports, mostly used by small roadside vendors, are required to be heat-treated since the PRC is not recognized as HPAI-free.

Exports

Broiler meat exports continue to grow and are projected to reach 11,000 tons in 2010. Vietnam remains the top export market for Korean poultry meat, most of which is meat from spent hens.

Korea is working closely with USDA's Food Safety and Inspection Service (FSIS) to complete an equivalency review of its heat-treated poultry system. FSIS conducted an audit of the Korean system last autumn and will schedule a follow-up review to ensure the appropriate corrective measures were implemented. The local industry has high hopes that this process will be completed very soon.

Production, Supply and Demand Data Statistics:

Poultry, Meat, Broiler Korea, Republic of	2008			2009			2010		
	2008			2009			2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official Data	Old Post	Data	USDA Official Data	Old Post	Data	USDA Official Data	Jan	Data
Inventory (Reference)	65	71	66	66		68		70	
Slaughter (Reference)	604	634	626	616		667		687	
Beginning Stocks	0	0	0	0		11		5	
Production	542	502	565	533		605		629	
Whole, Imports	0	0	0	0		0		0	
Parts, Imports	70	61	70	50		63		65	
Intra-EU Imports	0	1	3	0		1		1	
Other Imports	0	60	0	0		0		0	
Total Imports	70	61	70	50		63		65	
Total Supply	612	563	635	583		679		699	
Whole, Exports	0	1	1	0		1		1	
Parts, Exports	9	4	8	9		10		10	
Intra EU Exports	0	0	0	0		0		0	
Other Exports	0	5	0	0		0		0	
Total Exports	9	5	9	9		11		11	
Human Consumption	603	557	615	574		663		680	
Other Use, Losses	0	0	0	0		0		0	
Total Dom. Consumption	603	557	615	574		663		680	
Total Use	612	562	624	583		674		691	
Ending Stocks	0	0	11	0		5		8	
Total Distribution	612	562	635	583		679		699	
CY Imp. from U.S.	30	18	34	30		27		30	

CY Exp. to U.S.	0	0	0	0	0	0	0
Balance	0	-1	0	0	0	0	0
Inventory Balance	0	0	11	0	-6		3
Production Change	-5	-2	-5	-2	7		4
Import Change	17	0	17	-29	-10		3
Export Change	50	0	50	0	22		0
Trade Balance	-61	-56	-61	-41	-52		-54
Consumption Change	-3	-2	-3	-5	8		3
TS=TD			0		0		0
Comments							

Price Comparison (Unit: Korean Won per Kilogram) 4/

Cuts	Domestic 1/	Imports 2/		
		U.S.	Brazil 3/	Denmark
Leg	6,481	1,755	2,430	-
Wing	7,636	2,970	2,970	2,970
Breast	7,343	3,240	2,835	-

1/ Chilled products, average retail price for January 1 – July 31, 2009 period

2/ Average CIF prices between Jan. through June 2009

3/ Frozen Trimmed bone-less products (Mostly)

4/ Average exchange rate (1\$=1349.9 Korean won) for January – June, 2009 period

Source: Korea Chicken Council & Korea Customs Service

Frozen Chicken Meat Cuts Imports by Country

Country	CY 2008		CY 2009 (January- June)	
	Volume (MT)	Value (US\$1,000)	Volume (MT)	Value (US\$1,000)
<Leg>				
U.S.	32,250	50,017	13,038	16,914
Brazil	14,455	35,374	7,888	14,003
Denmark	62	138	12	23
Sub Total	46,767	85,529	20,938	30,940
<Wing>				
U.S.	188	403	118	264
Brazil	6,215	15,779	2,184	4,734
Denmark	2,106	5,091	684	1,530
Sub Total	8,509	21,273	2,986	6,528
<Breast>				
U.S.	46	194	189	451
Brazil	24	73	850	1,747
Sub Total	70	267	1,039	2,198
Total	55,346	107,069	24,963	39,666

Source: Korea Customs Service (KCS)

Countries that are currently allowed to export to Korea are as follows:

Approved Suppliers	Items
United Kingdom, Australia, New Zealand, Taiwan, Denmark, France, Japan, Spain, Netherlands, Canada, Hungary and United States	Poultry birds, hatching eggs, day old chicks
United Kingdom, France, Chile, Denmark, Taiwan, Australia, Brazil, Japan, Netherlands, Hungary, Canada, and United States	Fresh, chilled, or frozen poultry meat
United Kingdom, France, Chile, Denmark, Taiwan, Australia, Brazil, Japan, United States, Thailand, Netherlands, Hungary, China, and Canada	Heat-treated poultry meat

Source: The Ministry for Food, Agriculture, Forestry and Fisheries (MIFAFF)

2009 Chicken Imports Data per Parts on Quarantine Inspection Basis

(Unit: MT)

Parts		Country	Jan. – Jun.	Jul. 1 - 20	Jan - Jul. 20
Chilled	No imports.				
Frozen	Breast	U.S.	92.53	0	92.53
		Brazil	963.25	23	986.26
		Australia	0	0	0
	Legs	U.S.	10,762.70	1,230.40	11,993.10
		Denmark	11.95	0	11.95
		Brazil	7,962.98	1,460.53	9,423.51
	wings	U.S.	1.63	0	1.63
		Denmark	539.85	143.94	683.79
		Brazil	2,131.57	369.28	2,500.85
	Whole	U.S.	4.22	48.09	52.31
		Brazil	0	0	0
	Total (Jan – Jul. 20, 2007)		U.S.	12,139.57	
		Denmark	695.74		
		Brazil	12,910.62		
		Australia	0		
		Total	25,745.93		

Source: National Veterinary Research & Quarantine Service (NVRQS)

PRODUCTION AND CONSUMPTION

Korea: Broiler Inventories 1/

(Unit: 1,000 birds)

Year	Farms	Birds
2000	2,859	59,910
2001	3,016	66,742
2002	3,126	72,193
2003	2,226	66,756
2004	2,237	68,526
2005	2,678	88,137
2006	2,016	84,279
2007	2,028	87,359
2008	1,807	77,853
2009	2,249	99,983

1/ June Inventories

Source: National Agriculture Quality Service, Ministry of Agriculture & Forestry

Korea: Production Costs of Broilers 1/

(Korean Won per Kilogram in Live Weight)

Year	Operating Cost	Production Cost	Farm Price
1995	919	1,046	1,242
2000	890	959	1,187
2001	988	1,052	1,397
2002	951	1,010	1,155
2003	943	1,003	938
2004	1,026	1,085	1,415
2005	953	1,008	1,440
2006	954	1,001	1,195
2007	881	930	1,118
2008	1,049	1,097	1,567

Source: National Agriculture Quality Service, Ministry of Agriculture & Forestry

Korea: Production Cost of Broilers

(Korean Won per Kilogram in Live Weight)

Item	CY 2007		CY 2008	
	Average Cost	Component Ratio (%)	Average Cost	Component Ratio (%)
Feed	513	55	625	60
Chicks	223	24	234	22
Family Labor	37	4	39	4
Vet & Medicine	30	3	33	3
Water, Power,	41	4	60	6

etc.				
Other	84	9	56	5
Total	928	100	1,047	100
By Product	2	-	2	-
Cost Total	930	-	1,049	-

Source: National Agriculture Quality Service, Ministry of Agriculture & Forestry

Korea: Per Capita Consumption of Livestock Products

(Unit: Kilogram, boneless basis)

Year	Total Meat	Beef	Pork	Chicken	Egg
1999	30.5	8.4	16.1	6.0	9.9
2000	31.9	8.5	16.5	6.9	10.3
2001	32.2	8.1	16.8	7.3	11.1
2002	33.5	8.5	17.0	8.0	11.3
2003	33.4	8.1	17.4	7.9	10.5
2004	31.3	6.8	17.9	6.6	10.6
2005	31.7	6.7	17.4	7.6	10.8
2006	33.5	6.8	18.1	8.6	11.2
2007	35.8	7.5	19.3	9.0	11.3
2008	36.6	8.4	19.4	8.8	11.0
2009 1/	36.5	9.2	18.4	8.9	11.1

1/ Preliminary forecast by the Korea Rural Economic Institute

Source: Ministry of Agriculture & Forestry

PRICE TABLES

Korea: Year Average Broiler Prices

(Korean Won/Kg, boneless basis)

Year	2005	2006	2007	2008	2009 1/
Farm Price	1,440	1,195	1,063	1,118	2,021
Wholesale Price	2,469	2,162	2,030	2,739	3,499
Consumer Price	3,765	3,691	3,627	4,259	5,286

1/ Average price, January through July 2009

Source: National Agricultural Cooperative Federation

Korea: Farm Price for Chicken Meat

Commodity	Chicken Meat, Farm Price Unit: Korean Won per Kilogram				
	Year	2007	2008	2009	% Change comparing to previous year
Month					

Jan.	1,132	1,477	2,245	52
Feb.	1,072	1,460	1,904	30
Mar.	1,097	1,444	1,954	35
Apr.	961	1,304	1,976	52
May	1,025	1,237	2,105	70
Jun.	989	1,408	1,939	38
Jul.	1,165	1,847	-	59
Aug.	1,254	1,924	-	53
Sep.	1,055	1,375	-	30
Oct.	1,012	1,614	-	59
Nov.	1,243	1,810	-	46
Dec.	1,405	1,816	-	29

Source: National Agricultural Cooperative Federation (NACF) and Agricultural & Fishery Marketing Corporation

Korea: Wholesale Price for Chicken Meat

Commodity	Chicken Meat, Wholesale Price Unit: Korean Won per Kilogram				
	Year	2007	2008	2009	% Change comparing to previous year
Month					
Jan.		1,973	2,558	3,716	45
Feb.		1,919	2,503	3,372	35
Mar.		2,017	2,475	3,432	39
Apr.		1,809	2,270	3,445	52
May		1,904	2,239	3,656	63
Jun.		1,869	2,520	3,372	34
Jul.		2,128	3,166	-	49
Aug.		2,288	3,245	-	42
Sep.		1,927	2,411	-	25
Oct.		1,880	2,939	-	56
Nov.		2,220	3,206	-	44
Dec.		2,417	3,711	-	54

Source: National Agricultural Cooperative Federation (NACF) and Agricultural & Fishery Marketing Corporation

Korea: Consumer Price for Chicken Meat

Commodity	Chicken Meat, Consumer Price Unit: Korean Won per Kilogram				
	Year	2007	2008	2009	% Change comparing to previous year
Month					

Jan.	3,750	3,696	5,061	37
Feb.	3,893	3,982	5,191	30
Mar.	3,815	4,256	5,269	24
Apr.	3,825	4,322	5,145	19
May	3,691	3,620	5,547	53
Jun.	3,514	3,665	5,501	50
Jul.	3,670	4,275	-	16
Aug.	3,452	5,016	-	45
Sep.	3,526	4,614	-	31
Oct.	3,437	4,448	-	29
Nov.	3,302	4,526	-	37
Dec.	3,617	4,618	-	28

Source: National Agricultural Cooperative Federation and Agricultural & Fishery Marketing Corporation

Korea: Monthly Average Foreign Exchange Rate

(Unit: Korean Won / 1U\$)

Month	2007	2008	2009
Jan.	936.36	942.39	1346.10
Feb.	937.02	944.69	1429.46
Mar.	943.26	979.86	1461.98
Apr.	931.5	986.66	1341.90
May	927.91	1036.73	1258.71
Jun.	928.32	1029.27	1261.35
Jul.	918.85	1019.12	1263.97
Aug.	933.80	1041.54	
Sep.	932.41	1130.40	
Oct.	915.86	1326.92	
Nov.	916.98	1390.09	
Dec.	930.24	1373.84	

Source: Industrial Bank of Korea

TRADE MATRIX

Korea: Import Matrix for Chicken Meat 1/

Import Trade Matrix								
Country: Korea								
Commodity: Chicken Meat					Unit: MT & U\$1,000, RTC Basis			
Imports for	CY 2007		CY 2008		Jan.-Jun. 2008		Jan.-Jun. 2009	
Country	Vol	Val	Vol	Val	Vol	Val	Vol	Val
U.S.	19,921	23,495	34,123	53,188	17,477	25,161	13,780	18,232

Others						0		
Thailand	3,959	12,247	5,786	19,821	2,719	9,122	2,541	8,486
P.R.C.	11,889	36,258	6,576	23,788	4,563	16,476	1,759	6,303
Canada	0	0	0	0	0	0	0	0
Denmark	1,637	3,188	2,592	5,754	1,706	3,498	696	1,554
France	0	0	0	0	0	0	0	0
U.K.	0	0	0	0	0	0	0	0
Germany	0	0	0	0	0	0	0	0
Japan	18	66	8	43	0	0	0	0
Brazil	22,583	44,302	21,030	51,819	11,265	25,926	10,946	20,517
Australia	23	20	0	4	0	1	0	0
Other	0	0	0	0	0	4	22	34
Total for Others	40,109	96,081	35,992	101,229	20,253	55,027	15,964	36,894
Grand Total	60,030	119,576	70,115	154,417	37,730	80,188	29,744	55,126

1/ HS 0207.1X.XXXX plus HS 1602.32.XXXX

Source: Korea Customs Service

Korea: Export Matrix for Chicken Meat 1/

Export Trade Matrix								
Country: Korea								
Commodity: Chicken Meat					Unit: MT & U\$1,000, RTC Basis			
Imports for	CY 2007		CY 2008		Jan.-Jun. 2008		Jan.-Jun. 2009	
Country	Vol	Val	Vol	Val	Vol	Val	Vol	Val
U.S.	0	0	0	3	0	0	1	29
Others								
Hong Kong	309	549	357	581	301	393	29	89
Japan	849	3,021	677	3,162	301	1,424	366	1,788
P.R.C.	79	23	18	17	17	13	0	0
Taiwan	237	967	342	1,193	68	301	161	537
Thailand	0	0	0	1	0	0	0	0
Vietnam	4,173	4,164	7,790	7,570	2,882	2,827	5,120	5,058
Iraq	30	199	2	7	2	7	0	0
Turkey	0	0	0	0	0	0	0	0
Australia	1	6	13	66	7	32	4	22
Russia	0	0	0	0	0	0	0	0
Other	11	53	83	218	82	212	9	111
Total for	5,689	8,972	9,282	12,815	3,660	5,209	5,689	7,605

Others								
Grand Total	5,689	8,972	9,282	12,818	3,660	5,209	5,690	7,634

1/ HS 0207.1X.XXXX plus HS 1602.32.XXXX

Source: Korea Customs Service