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Korea - Republic of

Poultry and Products Annual

Annual

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Report Highlights:
Broiler meat production is forecast to climb 2 percent to 660,000 tons in 2011 in response to strong consumer demand and to a lesser extent country of origin labeling at restaurants. Consumption is expected to continue its upward climb for the third straight year to 737,000 tons. Meanwhile, imports during 2011 are forecast to remain steady at 90,000 tons, half of which will be from the United States.

Commodities:
Select

Production:
Broiler production is forecast to reach 660,000 tons in 2011, up 2 percent from the previous year. According to the local industry, this rise in production is largely attributed to a growing number of health conscious consumers who are eating more chicken and to a lesser extent country of origin labeling (COOL) at restaurants.

The 2010 production estimate is revised upward to 647,000 tons, up 5.5 percent from the past year because of greater demand for fast food chicken during the soccer World Cup. Stronger consumer demand and high, but stable feed costs have in turn put upward pressure on prices. For example, the average retail price from Jan-Jul of this year was 5,901 won per kilogram, up almost 11 percent from last year's average.

Feed is the biggest production expense and accounts for about 60 percent of total costs. Feed prices for Jan-Jul of this year have remained stable, but higher than historical averages. These higher feed costs, however, have had little impact on production since most of the cost is passed directly to consumers.
Consumption:
Korea's broiler meat consumption is expected to climb for the third straight year reaching 737,000 tons, up 2 percent from the previous year. According to industry sources, this increase is smaller compared to the past two years because of rising retail prices. In addition, the absence of a large extended sporting event like the World Cup where people are ordering home deliver fast food chicken is also expected to slow growth.

The forecast for broiler meat consumption in 2010 is revised upward to 721,000 tons, which is an increase of nearly 7 percent over the previous year. Per capita consumption for this same period is estimated at 10.2 kilograms (boneless basis), up slightly more than 6 percent. The jump in consumption this year is linked to a combination of factors including the trend in healthy eating, the explosive growth in the franchise chicken delivery service, and increased demand during the soccer World Cup. Country of origin labeling has also played a role over the last few years in bumping up demand for domestic broiler meat. Meanwhile, the outbreaks of FMD reported earlier this spring in cattle and swine had a negligible impact on broiler meat consumption.

During the World Cup, many Korean soccer fans stayed at home to watch the games and ordered fast food delivery, such as fried chicken. The fast food delivery businesses accounts for an astounding 50 percent of total broiler meat consumption, according to the Korea Chicken Council (KCC). Moreover, chicken ranked as the top snack food to be consumed with beer, according to an internet poll taken during the World Cup event.

Korean consumers are also very health conscious and many have started eating more chicken, like breast meat, because it's high in protein and low in fat. In the past, whole chickens were consumed in traditional dishes during the summer season. However, dietary patterns have gradually changed due to rising incomes, greater availability of international foods, and healthy eating trends. As a result, consumers are eating more chicken, including white meat, in a variety of dishes throughout the year.

The demand for chicken cuts is also growing since cuts are easier to cook compared to a whole bird. However, there is still plenty of room for growth in the cuts market since whole birds still account for nearly 60 percent of consumption.

According to the local industry, mandatory country of origin labeling (COOL) at restaurants has also helped spur consumption of domestic broiler meat since it was first introduced back in December 2008. At that time, though, fast food delivery businesses were exempt from this requirement. The COOL regulation has since been expanded to include these delivery establishments as of August 11, 2010. Again, the domestic broiler industry, anticipates that this change in labeling will contribute to increased demand in the coming years.

The local industry's optimism regarding COOL is supported by a recent survey done by the Consumers Union of Korea (CUK) this past June, where they found that more than 80 percent of consumers identified country of origin as their top priority when buying chicken.

Another notable policy development is the Ministry for Food, Agriculture, Forest and Fisheries (MIFAFF) expansion of mandatory packaging requirements for broiler meat to all slaughter establishments and retail shops beginning January 1, 2011. This latest revision is intended to further improve sanitation and safety. Previously, only slaughter establishments handling 50,000 birds a day were subject to this requirement. This regulation is not expected to have an impact on trade as the bulk of imported product is used in the processing sector.

Trade:

Broiler meat imports in 2011 are forecast to remain steady at 90,000 tons. The expected decline in demand resulting from the new COOL requirement for chicken delivery businesses will be offset by strong demand from the local processing sector and a stable currency. Imports of U.S. broiler meat during this period are expected to soften somewhat ending the year at 45,000 tons.

Broiler meat imports, particularly chicken leg quarters, shot up nearly 70 percent during the first half of this year reaching roughly 37,000 tons. A steady exchange rate combined with increased availability of U.S. chicken meat due to the temporary closure of the Russian market helped boost imports during this six-month period. In light of these factors, imports of U.S. broiler meat are expected to almost double from the previous year reaching 55,000 tons.

About half of the import market is made up of chicken leg quarters (CLQ), which are used for processing or restaurant delivery service. The United States is the leading CLQ supplier to Korea at roughly 23,400 tons followed by Brazil at nearly 13,000 tons from Jan-Jun 2010. The average CIF price for U.S. and Brazilian CLQs are 1,474 won/kg and 2,432 won/kg, respectively. Brazilian CLQs are a bit more expensive since they are trimmed boneless. In comparison, domestic CLQs are approximately 3 to 5 times more expensive. Breast meat imports also surged during this period in large part due to the healthy diet trend.

Production, Supply and Demand Data Statistics:

Poultry, Meat, Broiler Korea, Republic	2009	2010	2011

of									
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Inventory (Reference)	68	68	73	70	70	78			80
Slaughter (Reference)	667	667	680	687	687	725			740
Beginning Stocks	11	11	11	5	5	9			13
Production	605	605	613	629	629	647			660
Whole, Imports	0	0	0	0	0	0			0
Parts, Imports	71	63	71	71	65	90			90
Intra-EU Imports	0	1	1	0	1	2			2
Other Imports	0	0	0	0	0	0			0
Total Imports	71	63	71	71	65	90			90
Total Supply	687	679	695	705	699	746			763
Whole, Exports	1	1	1	1	1	1			1
Parts, Exports	10	10	11	10	10	11			12
Intra EU Exports	0	0	0	0	0	0			0
Other Exports	0	0	0	0	0	0			0
Total Exports	11	11	12	11	11	12			13
Human Consumption	671	663	674	686	680	721			737
Other Use, Losses	0	0	0	0	0	0			0
Total Dom. Consumption	671	663	674	686	680	721			737
Total Use	682	674	686	697	691	733			750
Ending Stocks	5	5	9	8	8	13			13
Total Distribution	687	679	695	705	699	746			763
CY Imp. from U.S.	27	27	29	30	30	55			45
CY Exp. to U.S.	0	0	1	0	0	0			0
Balance	0	0	0	0	0	0			0
Inventory Balance	(6)	(6)	(2)	3	3	4			0
Production Change	7	7	7	4	4	6			2
Import Change	1	(10)	1	0	3	27			0
Export Change	22	22	22	0	0	0			8
Trade Balance	(60)	(52)	(59)	(60)	(54)	(78)			(77)
Consumption Change	9	8	9	2	3	7			2
Population	48,508,972		48,508,972	48,636,068		48,508,972			48,508,972

Per Capita Consumption	14		14	14		15			15
TS=TD			0			0			0

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

Cuts	Domestic 1/	Imports 2/		
		U.S.	Brazil 3/	Denmark
Leg	6,706	1,474	2,432	1,895
Wing	7,904	0	2,874	2,745
Breast	7,600	5,941	2,848	-

1/ Chilled products, average retail price for January 1 – July 31, 2010 period

2/ Average CIF prices between January 1 through June 30, 2010

3/ Frozen Trimmed bone-less products (Mostly)

4/ Average exchange rate (1$=1154.35 Korean won) for January – June 2010 period

Source: Korea Chicken Council & Korea Customs Service

Frozen Partial Chicken Meat Imports by Country

Country	CY 2009		CY 2010 (January- June)	
	Volume (MT)	Value (US$1,000)	Volume (MT)	Value (US$1,000)
		<Leg>		
U.S.	27,235	34,944	23,435	29,921
Brazil	22,149	43,234	13,037	27,471
Denmark	60	93	134	214
Sub Total	49,444	78,271	36,606	57,606
		<Wing>		
U.S.	189	402	0	0
Brazil	5,198	11,756	2,401	5,977
Denmark	1,715	3,985	814	1,936
Sub Total	7,102	16,143	3,215	7,913
		<Breast>		
U.S.	204	529	21	106
Brazil	2,719	6,439	2,240	5,858
Japan	91	164	251	232
Sub Total	3,014	7,132	2,512	6,196
Total	59,560	101,546	42,333	71,715

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, Germany, Netherlands, Canada, Hungary, Poland and United States	Poultry birds, hatching eggs, day old chicks

United Kingdom, France, Chile, Denmark, Taiwan, Australia, Brazil, Japan, Netherlands, Hungary, Canada, Poland and United States	Fresh, chilled, or frozen poultry meat
United Kingdom, France, Chile, Denmark, Taiwan, Australia, Brazil, Japan, United States, Thailand, Netherlands, Hungary, China, Poland and Canada	Heat-treated poultry meat

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

2010 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.**	**0.04**	**0**	**0.04**
		Brazil	1,891.07	347.16	2,238.23
		Japan	297.08	0	297.08
	Legs	**U.S.**	**28,650.54**	**2,969.92**	**31,620.45**
		Denmark	133.92	24	157.92
		Brazil	12,276.70	1,949.61	14,226.31
		Hungary	0.02	0	0.02
	wings	**U.S.**	**2.44**	**0**	**2.44**
		Denmark	574.28	95.98	670.25
		Hungary	24.05	24.08	48.13
		Brazil	1,714.83	370.48	2,085.30
	Whole	**U.S.**	**158.49**	**0**	**158.49**
		Japan	37.31	0	37.31
	Other	Brazil	0	0	0
		Japan	0.03	0	0.03
Total (Jan – Jul. 20, 2010)		**U.S.**			**31,781.42**
		Denmark			828.17
		Brazil			18,549.84
		Japan			334.45
		Hungary			48.15
		Total			**51,542.03**

Source: National Veterinary Research & Quarantine Service (NVRQS)

PRODUCTION AND CONSUMPTION

Korea: Broiler Inventories 1/

(Unit: 1,000 birds)

Year	Farms	Birds

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
2010	2,238	101,690

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
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	1,063
2008	1,049	1,097	1,118
2009	1,255	1,311	1,936

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

Korea: Production Cost of Broilers

(Korean Won per Kilogram in Live Weight)

Item	CY 2008		CY 2009	
	Average Cost	Component Ratio (%)	Average Cost	Component Ratio (%)
Feed	625	60	771	61
Chicks	234	22	320	26
Family Labor	39	4	46	4
Vet & Medicine	33	3	29	2
Water, Power, etc.	60	6	27	2
Other	56	5	61	5
Total	1,047	100	1,254	100
By Product	2	-	1	-
Cost Total	1,049	-	1,255	-

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
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	35.7	7.6	19.2	8.9	11.3
2008	35.6	7.5	19.1	9.0	11.2
2009	36.8	8.1	19.1	9.6	11.9
20101/	38.4	8.8	19.4	10.2	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	2006	2007	2008	2009	2010 1/
Farm Price	1,195	1,063	1,118	1,936	2,103
Wholesale Price	2,162	2,030	2,739	3,431	3,791
Consumer Price	3,691	3,627	4,259	5,335	5,901

1/ Average price, January through July 2010

Source: National Agricultural Cooperative Federation

Korea: Farm Price for Chicken Meat

Commodity	Chicken Meat, Farm Price Unit: Korean Won per Kilogram			
Year Month	2008	2009	2010	% Change comparing to previous year
Jan.	1,477	2,245	2,305	3
Feb.	1,460	1,904	2,213	16
Mar.	1,444	1,954	2,355	21
Apr.	1,304	1,976	2,167	10
May	1,237	2,105	1,703	-19
Jun.	1,408	1,939	1,933	0
Jul.	1,847	2,100	2,043	-3
Aug.	1,924	1,838	-	-4
Sep.	1,375	1,510	-	10

Oct.	1,614	1,679	-	4
Nov.	1,810	1,994	-	10
Dec.	1,816	2,029	-	12

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 / Month	2008	2009	2010	% Change comparing to previous year
Jan.	2,558	3,716	4,066	9
Feb.	2,503	3,372	3,905	16
Mar.	2,475	3,432	4,171	22
Apr.	2,270	3,445	3,879	13
May	2,239	3,656	3,260	-11
Jun.	2,520	3,372	3,610	7
Jul.	3,166	3,646	3,644	0
Aug.	3,245	3,223	-	-1
Sep.	2,411	2,814	-	17
Oct.	2,939	3,205	-	9
Nov.	3,206	3,640	-	14
Dec.	3,711	3,698	-	0

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 / Month	2008	2009	2010	% Change comparing to previous year
Jan.	3,696	5,061	5,550	10
Feb.	3,982	5,191	5,594	8
Mar.	4,256	5,269	5,915	12
Apr.	4,322	5,145	6,246	21
May	3,620	5,547	5,984	8
Jun.	3,665	5,501	5,811	6
Jul.	4,275	5,636	6,210	10
Aug.	5,016	5,690	-	13
Sep.	4,614	5,303	-	15
Oct.	4,448	4,836	-	9
Nov.	4,526	5,313	-	17
Dec.	4,618	5,507	-	19

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

Korea: Monthly Average Foreign Exchange Rate

(Unit: Korean Won / 1U$)

Month	2008	2009	2010
Jan.	942.39	1346.10	1138.82
Feb.	944.69	1429.46	1157.08
Mar.	979.86	1461.98	1137.64
Apr.	986.66	1341.90	1117.11
May	1036.73	1258.71	1163.11
Jun.	1029.27	1261.35	1212.33
Jul.	1019.12	1263.97	-
Aug.	1041.54	1238.40	-
Sep.	1130.40	1219.15	-
Oct.	1326.92	1175.25	-
Nov.	1390.09	1164.23	-
Dec.	1373.84	1166.45	-

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 2008**		**CY 2009**		**Jan.-Jun. 2009**		**Jan.-Jun. 2010**	
Country	Vol	Val	Vol	Val	Vol	Val	Vol	Val
U.S.	34,123	53,188	29,423	38,363	13,780	18,232	24,956	32,071
Others								
Thailand	5,786	19,821	5,341	18,318	2,541	8,486	3,679	13,174
P.R.C.	6,576	23,788	3,516	12,377	1,759	6,303	2,043	6,804
Canada	0	0	0	0	0	0	0	0
Denmark	2,592	5,754	2,065	4,457	696	1,554	1,406	2,787
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	8	43	96	177	0	0	277	260
Brazil	21,030	51,819	30,161	61,603	10,946	20,517	17,933	39,804
Australia	0	4	0	5	0	0	0	0
Other	0	0	23	59	22	34	23	33

Total for Others	35,992	101,229	41,202	96,996	15,964	36,894	25,361	62,862
Grand Total	70,115	154,417	70,625	135,359	29,744	55,126	50,317	94,933

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 2008**		**CY 2009**		**Jan.-Jun. 2009**		**Jan.-Jun. 2010**	
Country	Vol	Val	Vol	Val	Vol	Val	Vol	Val
U.S.	0	3	1	29	1	29	0	1
Others								
Hong Kong	357	581	548	870	29	89	312	530
Japan	677	3,162	867	4,298	366	1,788	464	2,300
P.R.C.	18	17	0	1	0	0	1	7
Taiwan	342	1,193	407	1,470	161	537	186	654
Thailand	0	1	0	2	0	0	0	0
Vietnam	7,790	7,570	9612	10,690	5,120	5,058	5,987	7,337
Iraq	2	7	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Australia	13	66	9	65	4	22	9	36
Russia	0	0	0	0	0	0	0	0
Other	83	218	28	261	9	111	4	28
Total for Others	9,282	12,815	11,471	17,657	5,689	7,605	6,963	10,892
Grand Total	9,282	12,818	11,472	17,686	5,690	7,634	6,963	10,893

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

Source: Korea Customs Service

Author Defined: