

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Reductions in herd size and increased slaughter will cause calf production and cattle ending inventories to drop in 2013. Despite these efforts, live cattle prices remain low. Beef production is projected to increase almost 8 percent due to lower live cattle prices and increased feed prices. Beef imports are to stabilize but not increase due to high domestic production. Consumption will increase slightly by 3 percent but is constrained by an abundant supply of cheap domestic pork and a slow economy. Meanwhile, the swine industry undertook measures to reduce sow numbers and live slaughter weights to mitigate prices falling below production cost. Pork production will increase over 20 percent due to high swine inventories, imports will decline and consumption will increase due to an oversupply and low prices.

Commodities:

Animal Numbers, Cattle

Production:

Korean beef cattle inventory continued to increase in 2012, as the price decline in fully grown cattle ceased after July/August of 2012 and slowly rebounded during the second half. Additionally, increased inventory resulted from farmers selling cows due to low calf prices and shifting to steers that are fed for longer periods than cows. This can be seen from the shift in the ratio of cows that accounted for 50.9 percent of total slaughter in 2012 compared to 40.7 percent in 2011. As a result of increased cow slaughter caused by high feed prices and low calf prices, total calf crop in 2013 is projected to drop from the 2012 level, but still higher than the USDA projection due to high beginning stocks. Semen sales during the period March 2012 to January 2013 that will impact the calf production in 2013, dropped to 80 percent of the level sold during the same period a year ago. This is reflected in the 2013 calf crop numbers. As small sized farmers, consisting of mostly breeding farms, continue to reduce their cow inventory and as steers that were fed for longer periods are brought in for slaughter, total 2013 slaughter numbers are projected to increase over the earlier projection.

Signs of a drop in cattle inventory can also be seen in farmers' intentions to reduce herd size. In a survey conducted in September 2012 by the Korea Rural Economic Institute (KREI), 7.1 percent of farmers replied that they were planning to reduce herd size - a historically high level. Although this percentage went down in December 2012 to 4.4 percent, and to 1.8 percent in March 2013, it remains higher than the percentage of farmers saying that they will increase herd size during the same period. Such downsizing will be reflected in the market in 2013, as calf production and ending inventories drop.

Cattle Industry Survey of Intention													
Farmers' Plan	2010				2011				2012				2013
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.
Maintain the same level	94.3	95.8	95.5	90.9	95.7	94.8	93.8	95.5	93.2	96.1	91.6	93.5	96.8
Will increase herd size	5.2	3.9	4.1	8.7	4.3	3.5	2.5	1.6	3.1	2.2	1.3	2.1	1.4
Will reduce herd size	0.4	0.3	0.5	0.4	0.0	1.7	3.7	2.8	3.8	1.7	7.1	4.4	1.8

Source: KREI

The Korean government and National Agricultural Cooperative Federations continued to carry out price discount promotions to boost consumption of domestic Hanwoo beef in 2012. Although such efforts increased consumption and slowed the decline in live cattle prices, prices remained far from recovering to the price level prior to FMD. The main reason for the decline in live cattle prices is due to a surplus in local cattle inventories, resulting from a 70 percent increase in domestic herd size over the past decade.

Hanwoo Semen Sales (Unit: 000 straws)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2009	119	140	138	162	177	216	238	270	207	185	143	135	2,130
2010	146	131	145	248	154	216	271	240	223	181	144	134	2,233
2011	5	0	303	213	274	279	304	200	162	166	141	136	2,183
2012	73	110	178	161	178	214	232	240	180	98	144	105	1,913
2013	82												

Note: The jump in semen sales in March 2011 is due to a rush to inseminate cows after being banned from moving animal related products, due to the FMD outbreak in Nov. 2010.

Source: GS&J and KAIA

Monthly Cattle Slaughter Trend

Year	Month	Cow		Bull/steers		Total	
		Heads	Percent of total	Heads	Percent of total	Sub-total	Percent of annual
2011	Jan	32,297	37.8	53,045	62.2	85,342	10.0
	Feb	11,047	33.3	22,078	66.7	33,125	3.9
	Mar	24,217	43.6	31,310	56.4	55,527	6.5
	Apr	24,752	41.4	35,090	58.6	59,842	7.0
	May	26,947	40.0	40,349	60.0	67,296	7.9
	Jun	28,691	40.8	41,617	59.2	70,308	8.2
	Jul	28,130	42.8	37,663	57.2	65,793	7.7
	Aug	41,113	39.7	62,487	60.3	103,600	12.1
	Sep	34,732	44.5	43,296	55.5	78,028	9.2
	Oct	26,890	40.4	39,681	59.6	66,571	7.8
	Nov	31,289	41.0	45,112	59.0	76,401	9.0
	Dec	37,341	41.1	53,572	58.9	90,913	10.7
	Total	347,446	40.7	505,300	59.3	852,746	100.0
2012	Jan	48,285	42.7	64,788	57.3	113,073	11.7
	Feb	27,740	43.6	35,823	56.4	63,563	6.6
	Mar	31,498	45.4	37,869	54.6	69,367	7.2
	Apr	32,712	47.5	36,165	52.5	68,877	7.1
	May	35,210	50.2	34,979	49.8	70,189	7.2
	Jun	34,938	52.0	32,249	48.0	67,187	6.9
	Jul	40,872	55.5	32,756	44.5	73,628	7.6
	Aug	42,520	53.2	37,439	46.8	79,959	8.2
	Sep	69,059	54.1	58,591	45.9	127,650	13.2
	Oct	39,929	55.2	32,453	44.8	72,382	7.5
	Nov	45,445	56.0	35,732	44.0	81,177	8.4
	Dec	45,566	55.0	37,322	45.0	82,888	8.5
	Total	493,774	50.9	476,166	49.1	969,940	100.0

Source: Quarantine Inspection Agency

Farm Income per Head of Beef Cattle (Estimate based on 600 Kg. cattle) Unit: 000 won, percent

Description		Carcass grade					
		1++	1+	1	2	3	
Gross Income (A)		6,002	5,254	4,751	3,752	2,818	
Expenses (B)		4,582	4,582	4,582	4,582	4,582	
• Calf price		1,969	1,969	1,969	1,969	1,969	
• Feed		2,169	2,169	2,169	2,169	2,169	
• Other expenses		444	444	444	444	444	
Income [(A)-(B)]		2011	1,420	672	169	-830	-1,764
		2012 estimate	1,339	683	108	-998	-1,941
Percent of carcasses for each grade		2011	9.2	22.6	30.6	25.5	11.6
		2012	8.1	17.8	25.5	26.7	22.0

Source: KREI and Korea Institute of Animal Products Quality Evaluation

According to data released by the Korea Rural Economic Institute and the Korea Institute of Animal Products Quality Evaluation, about 37 percent of all cattle that were slaughtered in 2011 resulted in a loss to farmers. This percent increased to 49 percent in 2012, as farmers sent lower quality cows for slaughter due to high feed prices and low cattle prices.

Korea: Live Beef Cattle Prices (000 won/head)

Month	Hanwoo calf		Hanwoo cow	Hanwoo steer
	Female	Male		
Jan., 2010	2,080	2,344	5,911	5,846
Feb., 2010	N/A	N/A	N/A	N/A
Mar., 2010	2,272	2,434	5,714	5,495
Apr., 2010	2,331	2,598	5,659	5,433
May, 2010	N/A	N/A	N/A	N/A
Jun., 2010	2,337	2,554	5,326	5,081
Jul., 2010	2,259	2,475	5,066	4,942
Aug., 2010	2,151	2,391	5,012	5,044
Sep., 2010	2,074	2,387	4,850	5,069
Oct., 2010	2,092	2,327	4,877	5,073
Nov., 2010	1,939	2,041	4,824	4,889
Dec., 2010	N/A	N/A	N/A	N/A
Jan., 2011	N/A	N/A	N/A	N/A
Feb., 2011	N/A	N/A	N/A	N/A
Mar., 2011	N/A	N/A	N/A	N/A
Apr., 2011	1,956	1,924	4,383	3,668
May, 2011	1,796	1,817	4,106	3,804
Jun., 2011	1,643	1,743	3,774	3,203
Jul., 2011	1,591	1,713	3,813	3,211
Aug., 2011	1,534	1,785	3,758	3,116
Sep., 2011	1,446	1,785	3,752	3,125

Oct., 2011	1,386	1,845	3,682	3,159
Nov., 2011	1,248	1,484	3,773	3,219
Dec., 2011	921	1,226	3,622	3,082
Jan., 2012	935	1,354	3,689	3,155
Feb., 2012	1,134	1,477	3,924	3,379
Mar., 2012	1,176	1,601	3,910	3,460
Apr., 2012	1,192	1,712	3,723	3,424
May, 2012	1,157	1,832	3,726	3,408
Jun., 2012	1,088	1,668	3,655	3,395
Jul., 2012	998	1,604	3,406	3,287
Aug., 2012	798	1,510	3,243	3,455
Sep., 2012	847	1,480	3,449	3,614
Oct., 2012	845	1,553	3,330	3,873
Nov., 2012	823	1,435	3,496	4,111
Dec., 2012	761	1,329	3,471	4,174
Jan., 2013	787	1,552	3,533	4,216

Source: National Agricultural Cooperative Federation, NACF (Exchange rate: US\$1 = 1,087.3 won)

Note: Live beef cattle prices are not available during the period Dec. 2010~Mar. 2011, as the live cattle market was closed during this period, due to the FMD outbreak.

Commodities:

Meat, Beef and Veal

Production:

The production in 2012 was adjusted to reflect the actual slaughter numbers. As farmers try to mitigate the profit loss coming from a continued drop in live cattle prices and higher feed prices, the rush to slaughter more cattle is projected to continue in 2013. As a result of the surge in slaughter numbers, total 2013 beef production is projected to increase by 7.7 percent over the 2012 level. The number of cattle 1-2 years old in December 2012 was 859,000 heads, compared to 782,000 heads in December 2011. The increase in the number of cattle in this age group will result in higher beef slaughter numbers in 2013. Increased demand coming from discount programs of both the agricultural cooperatives and major hypermarkets will somewhat offset the price drop, but may not be sufficient to increase live cattle prices to entice farmers to hold onto their herd.

Consumption:

An abundant supply of domestic Hanwoo beef and continued beef promotional activities by Korean farmer groups and hypermarkets is projected to increase consumption by over 3 percent in 2013. A further increase in beef consumption is restrained by the abundant supply of domestic pork and a slow economy that is forecast to increase by only 2.9 percent in 2013.

Prospects for U.S. beef consumption remain high as the percentage of consumers that have tried U.S. beef continues to climb from 22 percent in 2010, to 52 percent in 2012. The hindering factor will be price competitiveness of U.S. beef and stocks that were accumulated after the April 2012 BSE

case. Retail prices of beef short ribs for #3 grade Hanwoo beef that used to be over 50 percent higher than U.S. chilled ribs in January 2011, have continued to come down and are now priced at 86 percent of U.S. short ribs. The price gap between U.S. ribs and #1 grade Hanwoo ribs during the same period dropped from being 2.6 times to 1.5 times higher than U.S. beef. Given the Korean consumers' preference for domestic beef, the closer the price gap, the more likely the consumers will shift over to domestic beef. As the outlook for U.S. beef prices in 2013 is high, whereas there is little prospect for increases in domestic beef prices, it is difficult to foresee an increase in U.S. beef consumption in 2013.

Retail prices (2010 – 2012)

Unit: Won per 500 gram

Month	Hanwoo beef Loin (Top grade)	Australian Beef Loin (Chilled)	Australian Beef Loin (Frozen)	Domestic Pork
Jan., 2010	36,116	N/A	6,333	7,947
Feb., 2010	38,102	N/A	6,333	7,609
Mar., 2010	36,548	N/A	6,333	7,317
Apr., 2010	37,325	16,117	6,462	8,207
May, 2010	37,389	N/A	6,500	8,566
Jun., 2010	35,727	N/A	6,500	8,385
Jul., 2010	34,836	20,416	6,606	8,794
Aug., 2010	35,282	21,313	6,833	9,132
Sept., 2010	38,603	21,892	6,640	8,943
Oct., 2010	39,273	21,104	6,500	8,599
Nov., 2010	36,335	19,903	6,401	8,311
Dec., 2010	35,850	20,328	6,333	8,038
Jan., 2011	34,062	22,794	6,333	8,902
Feb., 2011	31,460	21,939	6,333	10,658
Mar., 2011	31,632	19,629	6,220	9,499
Apr., 2011	28,573	18,940	6,167	9,794

May, 2011	27,532	18,525	6,396	10,691
Jun., 2011	28,209	16,083	6,429	12,300
Jul., 2011	28,360	16,587	5,976	11,798
Aug., 2011	29,550	17,645	5,785	10,759
Sept., 2011	32,515	19,555	6,000	9,722
Oct., 2011	31,350	19,295	6,000	8,688
Nov., 2011	31,515	18,695	6,000	8,571
Dec., 2011	30,680	19,180	5,905	9,985
Jan., 2012	30,075	20,280	6,000	9,235
Feb., 2012	28,010	19,330	6,125	8,315
Mar., 2012	25,455	21,710	6,125	8,160
Apr., 2012	26,940	20,290	6,090	7,950
May, 2012	27,700	19,765	6,050	8,395
Jun., 2012	28,515	20,520	6,050	9,430
Jul., 2012	30,910	19,870	6,050	9,400
Aug., 2012	30,885	19,340	6,050	8,790
Sept., 2012	32,075	20,200	6,050	8,905
Oct., 2012	31,870	N/A	6,050	7,345
Nov., 2012	31,410	21,040	6,265	7,350
Dec., 2012	30,560	22,270	6,300	7,490

Source: National Agricultural Cooperative Federation, NACF (Exchange rate: US\$1 = 1,087.30 won)

Retail Prices for Beef Short Ribs (2010 – 2012)

Unit: Won per 500 gram

Month	Domestic Hanwoo (chilled)		U.S. A.		Australia	
	#1 Grade	#3 Grade	Chilled	Frozen	Chilled	Frozen
Jan., 2010	36,881	19,210	N/A	N/A	9,991	8,080
Feb., 2010	37,450	20,911	N/A	N/A	10,993	8,488
Mar., 2010	37,450	21,030	N/A	N/A	9,611	8,315
Apr., 2010	36,911	21,057	N/A	N/A	9,032	8,849
May, 2010	36,032	21,230	N/A	N/A	8,504	9,025
Jun., 2010	34,138	21,230	N/A	N/A	8,647	8,828
Jul., 2010	34,819	21,230	13,455	9,617	8,321	8,414
Aug., 2010	34,337	21,230	13,762	9,814	7,834	8,779
Sept., 2010	35,027	21,462	12,979	9,699	10,654	8,614
Oct., 2010	35,000	21,630	12,724	9,500	9,982	8,500
Nov., 2010	35,000	21,630	13,863	9,500	9,193	8,500
Dec., 2010	35,000	21,143	13,674	9,500	8,711	8,210
Jan., 2011	34,475	20,830	13,281	9,500	10,424	8,167
Feb., 2011	33,547	20,830	13,803	9,500	12,386	8,167
Mar., 2011	31,336	21,130	13,431	10,455	10,770	8,053
Apr., 2011	28,811	21,430	13,388	10,500	9,002	8,167
May, 2011	23,439	20,295	13,150	9,818	8,739	7,834
Jun., 2011	23,212	18,333	14,352	9,234	9,108	7,667
Jul., 2011	23,566	18,333	14,515	8,412	8,819	7,238
Aug., 2011	23,248	19,795	14,855	7,577	9,134	6,534
Sept., 2011	23,134	18,500	14,500	7,732	10,676	6,750
Oct., 2011	22,080	13,625	11,900	8,090	9,224	6,750
Nov., 2011	21,835	12,000	12,885	8,184	8,720	6,750
Dec., 2011	21,655	11,810	12,950	8,170	9,215	6,645
Jan., 2012	22,200	12,000	11,900	8,270	10,695	7,185
Feb., 2012	20,065	12,060	11,335	8,570	9,355	7,205
Mar., 2012	20,165	12,000	10,905	8,480	9,205	7,195
Apr., 2012	20,125	12,000	11,695	8,455	8,775	7,150
May, 2012	20,460	12,000	11,610	8,420	8,125	7,150
Jun., 2012	20,570	12,000	12,365	8,485	8,785	7,195
Jul., 2012	20,630	12,000	13,700	8,510	8,585	7,150
Aug., 2012	20,930	12,000	13,670	8,480	8,435	7,150
Sept., 2012	21,175	12,000	13,900	8,680	9,480	7,150
Oct., 2012	20,855	12,000	13,900	8,675	9,555	7,150
Nov., 2012	20,910	12,000	13,900	8,805	8,740	7,150
Dec., 2012	20,930	12,000	13,900	8,795	8,800	7,150

Source: National Agricultural Cooperative Federation, NACF (Exchange rate: US\$1 = 1,087.30 won)

Trade:

Due to the increase in domestic beef and pork production and slow recovery of the economy in 2013, beef imports are expected to stabilize in 2013. Retailers are reporting double digit decreases in beef sales since October 2011. The U.S. beef industry is expected to have difficulty in increasing market size in 2013 due to a projected 3.3 percent drop in U.S. beef production and higher prices in reaction to external factors, including further opening of the Japanese market to beef from ‘Under Thirty Month (UTM)’ and higher premiums paid by China due to an improved economy.

Farmers’ initial fears for the worst, associated with the resumption of Canadian beef imports and the implementation of the KORUS FTA, did not materialize. Under the KORUS FTA the duty in 2013 will drop from 40 percent to 34.6 percent. Importers feel that lowering to 30 percent will make an even larger difference. High domestic beef production in Korea is the biggest impact on U.S. beef exports. Additionally, importers took 6-7 months to recover from the April 2012 BSE incident, which forced them to freeze their chilled beef stocks. The limited supply of U.S. chilled beef in the months following strained the importers’ finances as a result of lost premium on their chilled beef imports.

According to quarantine inspection data for the month of February 2013, Chile exported beef to Korea for the first time under its bilateral FTA in February 2013. As the TRQ under the FTA with Chile is only 400 MT, Chilean beef will have a minimal impact on the import of U.S. beef.

Korea: Beef Imports (\$000 and Metric Tons)

Country	Annual 2011		Annual 2012	
	Value	Volume	Value	Volume
Australia	770,061	152,739	676,040	137,948
United States	599,145	115,342	471,734	95,082
New Zealand	137,613	34,357	100,095	27,541
Mexico	16,449	5,236	7,315	2,476
Canada	0	0	6,111	1,371
Others	423	130	350	109
Total	1,523,691	307,804	1,261,645	264,527

Source: KITA

Product Weight Equivalent basis

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

Production, Supply and Demand Data Statistics:

Animal Numbers, Cattle of Korea, Republic	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	3,278	3,278	3,354	3,354	3,338	3,479
Dairy Cows Beg. Stocks	278	278	283	283	290	299
Beef Cows Beg. Stocks	1,147	1,147	1,249	1,249	1,150	1,232
Production (Calf Crop)	1,010	1,010	1,034	1,105	900	910
Total Imports	0	0	0	0	0	0
Total Supply	4,288	4,288	4,388	4,459	4,238	4,389
Total Exports	0	0	0	0	0	0
Cow Slaughter	348	348	520	494	400	570
Calf Slaughter	0	0	0	0	0	0
Other Slaughter	505	505	520	476	538	470
Total Slaughter	853	853	1,040	970	938	1,040
Loss	81	81	10	10	10	10
Ending Inventories	3,354	3,354	3,338	3,479	3,290	3,339
Total Distribution	4,288	4,288	4,388	4,459	4,238	4,389
CY Imp. from U.S.	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0

Meat, Beef and Veal of Korea, Republic	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	853	853	1,040	970	938	1,040
Beginning Stocks	49	49	80	80	96	78
Production	280	280	334	312	301	336
Total Imports	431	431	375	370	405	370
Total Supply	760	760	789	762	802	784
Total Exports	3	3	1	1	1	1
Human Dom. Consumption	677	677	692	683	720	703
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	677	677	692	683	720	703
Ending Stocks	80	80	96	78	81	80
Total Distribution	760	760	789	762	802	784
CY Imp. from U.S.	0	161	0	133	0	135
CY. Exp. to U.S.	0	0	0	0	0	0

Commodities:

Animal Numbers, Swine

Production:

The 2012 piglet numbers were adjusted upwards by 3 percent to reflect the increase in Maximum Sustainable Yield (MSY). The MSY of 15.6 piglets in 2011 increased to 17~18 piglets in 2012. The disinfection process after the 2010/2011 FMD outbreaks, as well as the lower mortality rate of piglets, allowed for the Maximum Sustainable Yield (MSY) rate to improve. As a result of the increased pig crop, ending inventory went up by over 2 percent and impacted the swine market in 2013. In order to stop the swine prices from dropping below production cost, the government procured 64,000 heads of swine during the first 2 months of 2013, but was not successful in preventing a drop in swine prices.

Both government and producer groups realize the need for additional measures and have joined efforts in reducing production while increasing consumption. The following measures were agreed upon on February 27, 2013 between the producer groups and the government to cope with this situation:

- Producers will voluntarily reduce 10 percent of sow numbers to reduce production. The government will assist in verifying the reduction at the farm level and preclude farms that fail to reduce the sow numbers from future government support programs.
- Producers also agreed to reduce the live weight of swine being sent for slaughter from the current average of 115 kg. to 110 kg.
- The government will request processed meat producers to increase the ratio of domestic meat usage which currently stands at about 80 percent of the total meat used.
- The National Agricultural Cooperative Federation will sell bacon at a 32 percent price reduction for 2 weeks in March.

Voluntary efforts by producers to decrease sow numbers and slaughter weights, as well as higher slaughter numbers, will help reduce total inventory in 2013.

Number of sows and swine by age (000 heads)

Month	Sow 1/	Swine Number by Age				
		Under 2 Month old	2 – 4 Month old	4 – 6 Month old	6 – 8 Month old	Over 8 Month old
Dec., 2010	976	2,966	3,020	2,875	108	911
Mar., 2011	732	2,149	2,079	2,034	85	688
June, 2011	793	2,272	2,217	2,003	115	724
Sept., 2011	835	2,416	2,340	2,155	117	756
Dec., 2011	903	2,586	2,457	2,188	119	821
Mar.,	950	2,772	2,698	2,376	144	862

2012						
June, 2012	969	2,921	2,940	2,537	144	890
Sept., 2012	962	3,075	3,077	2,770	118	897
Dec., 2012	962	3,073	3,076	2,749	113	904

1/ Swine over eight months are sows and part of the swine that are 6-8 months old are sows.

2/ The sow numbers are based on the 1st day of each month and does not match with PS&D sow numbers, which are based on Dec. 31.

The following table reflects the intention of swine farmers to continue to increase herd size into the first half of 2013. As can be seen, farmers' intention to replenish its herd size has dropped drastically in 2013 over the same period in 2012.

Index of Farmers' Intention to Increase Herd Size

Year	March	April	May	June	July	August
2012 1/	101.7	104.1	105.4	107.7	110.3	111.5
2013 2/	99.3	97.4	97.7	97.7	97.7	97.4

Source: KREI

1/ The above index showing swine farmers' plans for their herd size for each month was derived using the total swine inventory in December 2011 as 100. The survey was conducted during the period February 6~15, 2012.

2/ The above index showing swine farmers' plans for their herd size for each month was derived using the total swine inventory in February 2012 as 100. The survey was conducted during the period February 12~13, 2013.

Month-on-month comparison of slaughter numbers between 2012 and 2011 show that the slaughter level was about 30 percent higher in 2012 over the same period in 2011. Given the high inventory level and the aforementioned measures by producers and the government, the high slaughter rate is projected to continue into 2013.

Monthly swine slaughter

Unit: Heads and percent

Year	Month	Number of Heads Slaughtered			Average live weight (Kg.)			Index 1/
		Swine			Swine			
		Total	Gilt/Sows	Boar	Total	Gilt/Sows	Boar	
2011	Jan	962,309	532,369	429,940	113	113	112	
	Feb	791,004	428,513	362,491	116	116	116	
	Mar	947,299	526,407	420,892	115	115	114	
	Apr	906,443	489,028	417,415	114	115	114	
	May	870,853	469,177	401,676	114	115	113	
	Jun	780,913	419,192	361,721	113	114	112	
	Jul	723,992	391,414	332,578	113	114	112	
	Aug	885,102	472,477	412,625	113	114	111	

	Sep	883,949	470,504	413,445	113	114	112	
	Oct	1,026,885	537,387	489,498	115	115	114	
	Nov	1,072,237	567,210	505,027	114	115	114	
	Dec	966,926	518,259	448,667	114	115	113	
	Total	10,817,912	5,821,937	4,995,975	114	115	113	
2012	Jan	956,653	514,248	442,405	115	115	114	99.4
	Feb	1,099,850	588,754	511,096	116	116	115	139.0
	Mar	1,181,805	634,032	547,773	115	115	114	124.8
	Apr	1,043,265	559,953	483,312	115	116	114	115.1
	May	1,146,640	614,438	532,202	116	117	114	131.7
	Jun	1,049,726	561,717	488,009	115	117	113	134.4
	Jul	1,097,039	587,361	509,678	114	116	113	151.5
	Aug	1,164,073	619,160	544,913	113	114	111	131.5
	Sep	1,187,715	629,937	557,778	114	115	112	134.4
	Oct	1,403,146	737,273	665,873	115	116	114	136.6
	Nov	1,441,383	760,246	681,137	115	116	114	134.4
	Dec	1,268,394	674,475	593,919	114	115	113	131.2
Total	14,039,689	7,481,594	6,558,095	115	116	113	129.8	

1/ Index is the month-to-month comparison of total slaughter numbers between 2012 and 2011.

Source: QIA

Swine Carcass Prices

Month	Carcass price			
	2009	2010	2011	2012
	Won per Kilogram			
January	4,487	3,859	6,342	4,725
February	4,225	3,920	6,372	4,451
March	5,031	3,989	6,565	4,401
April	4,955	4,325	5,786	4,309
May	4,245	4,272	7,200	4,873
June	4,531	4,647	7,675	4,971
July	4,826	4,663	6,572	4,600
August	4,967	4,802	6,322	4,356
September	4,475	4,535	5,384	3,561
October	3,672	3,817	4,495	2,992
November	4,021	3,963	5,619	3,814
December	4,128	4,344	6,336	3,485

Source: National Agricultural Cooperative Federation, NACF (Exchange rate: US\$1 = 1,087.3 won)

Swine producers are claiming that carcass prices need to be over 3,700 won/kg in order for producers to avoid a loss. However, as can be seen from the above table, the carcass prices have been under such price level, except for November, since September 2012. The reason for the short lived price increase in

November was due to a seasonal demand where there is a high demand for pork to be consumed while making Korean Kimchi for the winter season.

Commodities:

Meat, Swine

Production:

The 2012 pork production number was adjusted to reflect the final slaughter numbers. The high swine numbers will result in 2013 production numbers to increase by over 20 percent. Factors that could pull down this projection would depend upon the success of the producers’ voluntary reduction of sow numbers and slaughter weight. A reduction of the live weight for swine being slaughtered from 115 kilogram to 110 kilogram would be equivalent to a total reduction of 41,600 MT (CWE) of pork production.

Consumption:

Pork consumption in 2013 has been adjusted to reflect the increased domestic supply, low pork prices and campaigns to boost domestic pork consumption. Despite such promotional efforts, if the economy does not pick up during the second half of 2013, some of the increased production could end up being carried over to 2014.

As can be seen from the following table, consumers’ preferences as a substitute meat for domestic pork are chicken and duck meat. The preference for imported pork and beef both dropped as domestic pork prices fell. The increase in the preference for duck meat reflects consumers’ demand for healthier meat, due to its high level of unsaturated fatty acid.

Consumers’ preference for substitute meat for domestic pork Unit: Percent

Survey Period	Chicken	Duck	Hanwoo beef	Imported pork	Imported beef	Fish	Other
Jan., 2012	24.0	16.0	17.0	8.0	12.0	21.0	1.0
Jan., 2013	25.0	20.0	16.0	6.0	9.0	23.0	1.0

Source: KREI

The following table shows that the average household has increased the consumption of pork products in 2012 over 2011, when pork prices were at a record high, but is still short of the consumption level in 2010.

Average household pork consumption amount per 4 weeks

Unit: Kilogram

	2009	2010	2011	2012
Single ribbed belly	1.41	1.47	1.47	1.43
Pork ribs	2.02	2.05	2.03	2.14
Collar butt	1.18	1.21	1.10	1.09

Picnic / ham	2.46	2.44	2.17	2.31
Loin / tenderloin	1.51	1.44	1.23	1.27
Average	2.08	2.16	1.97	2.02

Source: Kantar World panel Korea/ KREI

Note: The 2012 data is based on the consumption up to November, 2012.

Trade:

Pork import numbers have been dropped in 2013 from the previous USDA numbers to reflect the oversupply of domestic pork. The tariff on frozen hams and shoulders fell from 25% to 16.7% in 2012 and is 8.3% in 2013. These are the cuts that are mostly used for meat processing and the United States' market share is over 80 percent for these imported cuts. Overall, about 45 percent of Korean sausages and ham are made from U.S. pork. The phase out on chilled is much slower, but that category is not as commercially significant.

Chilled boneless pork imports from the United States may exceed the trigger level for safeguard which is set at 8,745 MT in 2013. In this case, the KORUS duty that has dropped to 18 percent for chilled boneless pork will jump back to 22.5 percent for the amount that exceeds the trigger level. The import of chilled boneless pork in 2012 from the United States was 8,336 MT.

Korea has discontinued providing zero duty tariff-rate-quota (TRQ) for pork imports in 2013 to cope with low domestic swine prices.

Korea: Pork Imports

Country	Annual 2011		Annual 2012	
	Value	Volume	Value	Volume
	\$000	MT	\$000	MT
United States	472,812	152,152	364,944	122,567
Canada	208,867	80,237	132,222	58,551
Chile	116,363	40,496	124,600	37,054
Austria	79,409	22,358	51,088	13,783
France	63,146	17,882	47,866	12,266
Netherlands	113,788	20,799	59,806	14,607
Spain	73,666	31,331	57,448	26,314
Belgium	53,982	15,774	38,670	10,232
Germany	106,486	31,429	133,157	35,742
Denmark	75,362	27,956	36,662	14,557
Hungary	32,038	10,436	15,816	4,840
Poland	41,106	17,263	47,136	17,183
Mexico	33,522	10,180	27,661	8,992
Others	30,729	13,669	19,864	9,062
Total	1,501,276	491,962	1,156,940	385,750

Source: KITA

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 Demand Data Statistics:

Animal Numbers, Swine of Korea, Republic	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks	8,449	8,449	8,171	8,171	9,700	9,916
Sow Beginning Stocks	920	920	903	903	975	962
Production (Pig Crop)	13,308	13,308	15,856	16,340	14,470	16,835
Total Imports	16	7	15	10	10	10
Total Supply	21,773	21,764	24,042	24,521	24,180	26,761
Total Exports	0	0	0	0	0	0
Sow Slaughter	0	0	0	0	0	0
Other Slaughter	10,817	10,817	13,787	14,040	13,900	17,000
Total Slaughter	10,817	10,817	13,787	14,040	13,900	17,000
Loss	2,785	2,776	555	565	550	600
Ending Inventories	8,171	8,171	9,700	9,916	9,730	9,161
Total Distribution	21,773	21,764	24,042	24,521	24,180	26,761
CY Imp. from U.S.	0	3	0	1	0	1
CY. Exp. to U.S.	0	0	0	0	0	0

Meat, Swine of Korea, Republic	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	10,817	10,817	13,787	14,040	13,900	17,000
Beginning Stocks	60	60	50	50	75	90
Production	837	837	1,067	1,086	1,050	1,315
Total Imports	640	640	500	501	505	300
Total Supply	1,537	1,537	1,617	1,637	1,630	1,705
Total Exports	0	0	0	1	0	1
Human Dom. Consumption	1,487	1,487	1,542	1,546	1,555	1,604
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	1,487	1,487	1,542	1,546	1,555	1,604
Ending Stocks	50	50	75	90	75	100
Total Distribution	1,537	1,537	1,617	1,637	1,630	1,705
CY Imp. from U.S.	0	198	0	159	0	100
CY. Exp. to U.S.	0	0	0	0	0	0