

Korean beef market: developments and prospects

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- Significant income growth in the Republic of Korea has led to an increase in living standards and changes in consumer diets to include a higher proportion of meat, particularly beef. The strong demand for beef, together with a domestic supply shortage, has resulted in a strong rise in beef prices, especially for those beef cuts which are highly preferred by Korean consumers.
- The Republic of Korea has progressively opened its market to imports by liberalising its beef import regime, as imports of beef have become increasingly important in meeting the growing demand. In 2007, imported beef accounted for 53 per cent of the Republic of Korea's total beef consumption.
- The United States and Australia have been the two major suppliers of beef to the Republic of Korea. However, the discovery of BSE (bovine spongiform encephalopathy) in the United States in December 2003 resulted in the Republic of Korea imposing an import ban on US beef.
- With this absence of US beef, Australia increased its share of the Korean beef market, reaching 73 per cent of the total beef imports in 2007. In addition, Australian beef exporters have increasingly adapted to meet the specific quality preferences of Korean consumers.
- The Republic of Korea reopened its market to US beef in 2008 following the finalisation of a new beef import protocol. This led to an increase in US beef exports in the second half of 2008. However, the continued growth in total Korean beef imports has minimised the adverse effect on Australia of increased US beef exports to the Republic of Korea.
- Despite the increase in US beef imports, sales of Australian beef remain strong in the Korean market. Australian beef sales have accounted for 60 to 70 per cent of total sales of imported beef in the major retail stores, such as department stores and large supermarkets, during the first three months of 2009. Currently, imported beef accounts for more than 50 per cent of the Korean beef market.
- Over the medium to longer term, beef consumption in the Republic of Korea is expected to trend higher as incomes grow. US beef is likely to displace some of Australia's Korean market share as consumer confidence in the safety of US beef increases gradually. However, Australia's beef exports are expected to continue to rise as the Republic of Korea's total import volume rises in line with the expected increase in total beef consumption, and current trends favouring clean and safe food continue.
- With the prospect of increased US beef imports to the Republic of Korea, it is critical for Australia to continue to pursue strategies which are aligned with consumer preferences and the clean and safe image of Australian beef, to compete more effectively with US beef in the Korean market.