



## **Meat Processing Industry Vitalization Measure in Korea**

Dr. Jeongbin Im

Professor, Seoul National University, Korea

The Ministry of Agriculture, Food and Rural Affairs (MAFRA) and the Ministry of Food and Drug Safety (MFDS) announced that they would implement 'Meat processing industry vitalization measure' in which MFDS would improve related systems and MAFRA would support the vitalization of the industry in order to stabilize the prices of livestock products and establish sound dietary culture by improving the problem of consumption being too concentrated on some parts of meat, such as Boston butt and samgyeopsal (pork belly) and beef sirloin and ribs. The main purpose is to improve the meat's unbalanced supply and demand, to stabilize its prices and develop processed meat products made of low-fat parts of meat and vitalizing consumption of such products in order to further enhance the development of the meat processing industry.

Currently, there is unbalanced supply and demand, and wide-ranged prices due to the difference in preference by parts of meat. There are wide variations in prices because meats for roasting such as samgyeopsal (pork belly) and Boston butt are the most heavily consumed. There is a tendency of shifting the burden of inventory of low-fat parts such as forelegs to the prices of samgyeopsal. Pork retail price by part (Feb 2013) are as follows: samgyeopsal 1789 won/100g; Boston butt 1750 won/100g; foreleg 1,109 won/100g; hind leg 803 won/100g. The proportion of consumption of processed meat products is lower than that of developed countries. The proportion of processed meat product consumption out of all meat consumption per capita of 40.5kg is 4.1kg (10.1%), much lower than the 50% of Germany and 15% of Japan.

This measure is meaningful as an inter-ministry cooperation case in which MFDS lays the institutional foundation by inserting 'Instant meat processing and sales business' into the Enforcement Ordinance of Livestock Products Sanitary Control Act and MAFRA supports vitalization of the industry through funding, training and R&D investment. The nub of this institutional improvement is to introduce 'Instant meat processing and sales business' by amending the Enforcement Ordinance of Livestock Products Sanitary Control Act to allow meat shops to make and sell processed meat products (ham, sausage, etc.). To assure food safety when meat shops make and sell processed meat products, the sanitation and safety criteria have been reinforced and the labeling system has been adjusted in a more balanced way to improve consumer convenience. Previously, so as to make and sell processed meat products, meat shops had to obtain the permission for both the meat sale business according

to the Livestock Products Sanitary Control Act and the instant processing and sales business according to the Food Sanitation Act with strict facility criteria. For this reason, the industry has not been vitalized.

Combined with the improvement of systems, a variety of policies such as funding, training and R&D investments will be also pursued. MAFRA will fund instant meat processing shops to improve facilities, purchase raw materials and fulfill HACCP to secure sanitation and safety. The ministry will also lay the foundation to foster experts in meat processing, for example, by introducing a meat processing engineer license program and designating training institutes. In addition, it will push ahead with plans to vitalize exports of processed meat products by expanding R&D investments in meat processing and hosting private-public joint export conferences on a regular basis.

With this measure, it is expected that the unbalanced supply and demand will be improved and the prices of livestock products will be stabilized with increasing consumption of processed meat products made of low-fat parts of the meat. In addition, instant meat processing shops can sell meat and also make and sell processed meat products, and the subsequent increase in the profits of meat shops, which are a representative type of small business, is expected to contribute to stabilizing the living conditions of ordinary people.

The main content of ‘Meat processing industry vitalization measure’ is as follows:

#### 1. Improve systems to vitalize the production and sale of processed meat products

The system will be improved to allow meat shops to make and sell processed meat products (ham, sausage, seasoned meat, etc.) to vitalize the production and sale of processed meat products. This new system is the result of benchmarking a type of German meat shop called *metzgerei*, which sells meat and makes and sells instant meat products. Introducing this system is expected to enable consumers to buy various types of processed meat products from these shops. For example, under the improved system, a consumer can order no-additive, low-salt processed meat products (ham, sausage, pork cutlet, etc.) at meat shops according to individual taste rather than buying uniform processed meat products.

MAFRA will also induce the development of various processed meat products that can meet customers’ tastes through improvement of the system such as permitting the sales of large processed meat products such as a large fermented ham in smaller pieces. It will also prevent sanitary problems from occurring in meat shops during the production of processed meat products by reinforcing sanitation and safety criteria such as facilities and quality inspection.

#### 2. Fund those who open and run an instant meat processing shop

MAFRA will provide funds required for facilities and operation to secure the sanitation and safety of instant meat processing shops. The person who plans to open a shop to make and sell processed meat products can receive funds for construction costs, processing equipment, storage, and sales facilities. Funding conditions for this project is in loan 70%, interest rate 3 or 4%, five-year grace and 10-year repayment period. Source of finance is in

facility fund for livestock product processing business of 20 billion won. MAFRA will also provide HACCP-certified instant meat processing shops with funds for material procurement, HACCP fulfillment and product inspection. Funding conditions for this project is in loan 100%, interest rate 3-4%, one-year grace and bullet payment. Source of finance is in operating fund for livestock product processing business of 24 billion won.

### 3. Train experts in meat processing

MARFA will foster experts of the meat processing industry who will lead the development of the livestock industry. To train experts, it will designate training centers and establish training program standards so that those who want to be engaged in the instant meat processing and sales business can receive high-quality training. It will also run a field-oriented apprenticeship program in connection with meat processing companies by benchmarking the German Meister program. In addition, it will introduce a new 'Meat processing engineer' license, which is higher than the current 'Meat processing craftsman' license, in order to train experts who will lead the industry.

### 4. Support consumption promotion and R&D

Firstly, MAFRA will continue to conduct the promotion to improve the current negative awareness of processed meat products, and is planning to install a Meat Information Center (Mid-and long-term plan) to provide systematic meat information. It will conduct various promotional projects to stimulate consumption of processed meat in connection with consumer groups and the Korean Dietetic Association. Promotional projects include the processed meat awareness improvement project, home/group meal recipe development/dissemination/food tasting events, cooking contests, etc. In addition, the Meat Information Center will create a pool of experts including professors, research institutes and consumer groups in the field of livestock, food and veterinary science. The center will provide accurate information on processed meat products by publishing publications on meat, holding meat information symposiums and food tasting events, and conducting consumer consultations.

Secondly, it will focus on R&D to develop various processed meat products using low-fat parts including hind legs. For this, it will continue to increase investment in research and development of meat processing in association with IPET (Korea Institute of Planning & Evaluation for Technology in Food, Agriculture, Forestry and Fisheries) and the Rural Development Administration. The R&D investment will be increased from 4 billion won in 2013 to 4.5 billion won in 2014. It will identify required R&D areas from the industry through the Future Livestock Forum and preferentially implement R&D in those areas. Examples of R&D areas are in portable/easy-to-eat functional health products, low-salt no-additive processed products, and semi-processed, restaurant menu type products to create demand from the restaurant industry.

Thirdly, it will continue to push ahead with current support projects such as export product development and overseas promotional events to expand export of processed meat products, and improve the operation of private-public joint 'Export support consultative

groups' by export item and the procedure for export quarantine. In particular, to expand the export of processed meat products, the export quarantine procedure will be conducted in advance, primarily for promising new overseas markets. In addition, it will establish a custom support system to expand exports; it will check and relieve difficulties of the industry and select export items through 'an export support consultative group', and collect and share related information such as import conditions by country. Current support projects are as follows: Support for livestock product heat treatment and processing; support for export logistics cost; export product development; support for overseas promotional events; support for export agrifood certification; and support for individual brands.

Government expects that this measure will bring the opportunity to stabilize supply and demand and prices and develop the meat processing industry by inducing even consumption of all parts of meat through expansion of consumption of processed meat products made of low-fat parts of pork. MAFRA and MFDS will continue to make efforts to put the newly established 'Instant meat processing and sales business' in place, for example, by forming consultative groups with related authorities and associations.

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