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## **Korea - Republic of**

### **Exporter Guide**

### **Annual 2015**

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**Report Highlights:**

South Korea is the fifth largest export market for American agriculture. Imports of American food and agricultural products into Korea in 2015 are forecast to total \$7.2 billion, down 11 percent from the previous year due to the combined effect of extensive port strikes in western U.S. ports in early 2015; pandemic outbreaks of MERS virus disease in Korea in mid-2015; and sluggish local economy under extended global economic slowdown. However, despite the challenging market environment, imports of consumer-oriented American products into Korea are forecast to reach another record high \$3.8 billion in 2015, which reflects Korean consumers' increased demand for better value, quality and diversified taste. As a result, the United States should remain the leading agricultural exporter to Korea with over 23 percent market share. The Korea-United States Free Trade Agreement, implemented in

March 2012, coupled with anticipated recovery trend of the Korean economy is expected to generate greater opportunities for American products in the Korean market in the coming year.

**Post:**

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TABLE of CONTENTS

SECTION I MARKET OVERVIEW

SECTION II AMERICAN EXPORTER BUSINESS TIPS

A. Where to Start

*Market Research*

*Establishing Korean Partners*

*Meeting Local Tastes*

B. Local Business Customs & Practices

*Initial Communication*

*Relationship Building & Social Networking*

*Language*

*Name Cards*

*Meetings*

*Evening Gatherings*

*Dress Code*

*Resolving Conflicts*

C. General Consumer Tastes and Trends

SECTION III IMPORT FOOD STANDARDS & REGULATIONS

SECTION IV IMPORT PROCEDURES

A. Customs Clearance

B. Documents Generally Required by the Korean Authority when Food is Imported

C. Korean Language Labeling Requirements

D. Tariffs and KORUS FTA

E. Trademarks and Patents

SECTION V MARKET SECTOR STRUCTURE AND TRENDS

A. Supply Chain and Product Flow

B. Retail Food Sector

C. Hotel, Restaurant and Institutional (HRI) Food Service Sector

D. Food Processing Sector

## SECTION VI KOREA'S AGRICULTURAL & FOOD IMPORTS

- A. Agricultural & Food Import Statistics
- B. Best High-value, Consumer-oriented Product Prospects

## SECTION VII KEY CONTACTS AND FURTHER INFORMATION

- A. USDA/FAS Offices in Korea
- B. State Regional Trade Groups (STRG)
- C. Additional Sources of Information & Support

## APPENDIX KEY SOCIO-ECONOMIC INFORMATION OF KOREA

### **Disclaimer**

This report was prepared by the Agricultural Trade Office of the U.S. Embassy Seoul, Korea. Korean government policy and regulation are subject to change and revision. Please check for updated reports and verify Korean import requirements with your Korean business partners to ensure that you have the most up-to-date information prior to shipping. FINAL IMPORT APPROVAL OF ANY PRODUCT IS SUBJECT TO THE IMPORTING COUNTRY'S RULES AND REGULATIONS AS INTERPRETED BY BORDER OFFICIALS AT THE TIME OF PRODUCT ENTRY.

## **SECTION I MARKET OVERVIEW**

South Korea (herein after referred to Korea) is the fifth largest export market for American agriculture. Korea by nature relies heavily on imports to fulfill its food and agricultural needs. Korea is about the size of the state of Indiana and over 70 percent of its land space is under mountainous terrain, not practical for commercial farming. Furthermore, a majority of the limited farm land is dedicated to rice production. Its population of 50 million makes Korea the third most densely populated country in the world among the countries with over 20 million in population. What is even more striking is that over 90 percent of the Koreans live in urban areas that account for 17 percent of the land space. In addition, over 50 percent of the population lives within or in the direct vicinity of the capital city, Seoul. The agricultural sector, which accounted for only 2.3 percent of the Korean GDP in 2014, is expected to remain a minor contributor to the Korean economy in the coming years.

Korea was the world's 14<sup>th</sup> largest economy in 2014 with national GDP of \$1.784 trillion, up 3.3 percent from the previous year, and per capita GDP of \$35,400 on a purchasing power parity (PPP) basis. Despite the impact of the global economic crisis since 2009, the Korean economy has maintained a relatively stable growth due to strong performance of its export sector. However, the Korean economy faces another challenge as the recovery of its major export markets is being delayed under extended global economic slowdown. On top of this, extensive port strikes in the west coast ports of the U.S. in early 2015 coupled by pandemic outbreaks of MERS (Middle East Respiratory Syndrome) virus disease in Korea in May through July 2015 brought a significant impact to the Korean

economy and trade. As a result, the Korea government has recently lowered its forecast for the Korean economy growth down to 3.1 percent for 2015 and 3.0 percent for 2016.

Reflecting these negative factors, Korea's imports of agricultural and food products from the world in 2015 are forecast to decline 5 percent from the previous year to total \$31.8 billion. Imports from the United States are forecast to decline 11 percent to \$7.2 billion. However, despite the challenging market environment, imports of consumer-oriented American products are forecast to reach a record high \$3.8 billion in 2015, which reflects Korean consumers' increased demand for better value, quality and diversified taste. As a result, the United States should remain the leading agricultural exporter to Korea with over 23 percent market share.

Food consumption trends in Korea reflect on-going socio-economic shifts among the general Korean public, which includes rise of affluent consumer group, retirement of baby boomers, more women in the workforce, downsizing of the family, well-traveled/educated young generation, urbanization, and adoption of information technologies. As a result, products and businesses that offer good value, high quality, health/nutritional benefits, new and diversified taste and convenience are showing strong growth in the market.

The Korea-United States Free Trade Agreement (KORUS FTA), implemented in March 2012, coupled with anticipated recovery trend of the Korean economy should generate greater export opportunities for American products in Korea in the coming years.

Table 1: Korea's Agricultural Imports by Category (\$Million, CIF Value)

Product Category	From World			From the U.S.			
	2014*	2015(F)*	Growth	2014	2015(F)	Growth	Mkt Share
BASIC COMMODITY	6,599	5,609	-15%	2,542	1,779	-30%	32%
INTERMEDIATE	9,023	7,760	-14%	1,510	1,254	-17%	16%
CONSUMER-ORIENTED	10,521	11,258	7%	3,633	3,778	4%	34%
FOREST PRODUCTS	3,176	2,922	-8%	176	114	-35%	4%
SEAFOOD PRODUCTS	4,161	4,286	3%	223	241	8%	6%
GRAND TOTAL	33,480	31,835	-5%	8,084	7,166	-11%	23%

Source: Korea Trade Information Service (KOTIS) database, compiled by the U.S. Agricultural Trade Office Seoul. The value is CIF basis which is inclusive of insurance and freight.

\*: 2015 figures are forecast based on January-October KOTIS import data trend analysis.

Table 2: Advantages and Challenges for American Products in the Korean Market

Advantages	Challenges
Korea is an emerging market for new ideas and trends that are eagerly tried and accepted, leading to greater opportunities for new-to-market products.	Korean consumers are generally biased toward locally produced agricultural products. Many consumers still maintain an idea that local products are superior in quality and safety to imported products.
Korea, by nature, depends heavily on imports for its food and agricultural needs. In addition,	High cost of shipping, documentation, inspection and labeling requirements deteriorates price

consumers are looking for new and international tastes as the income level continues to rise.	competitiveness of imported products.
Partly due to the long and strong tie between the two countries, the United States remains a preferred and trusted origin of agricultural products to many Korean consumers.	Imports of many American products are subject to restrictive trade barriers, including tariff rate quota and complicated food safety regulations.
Implementation of KORUS FTA generates new opportunities for American suppliers by reducing the tariff barriers.	Many American products face tough competition in Korea from export-oriented competitors.

## SECTION II AMERICAN EXPORTER BUSINESS TIPS

### A. Where to Start

#### *Market Research:*

The first step recommended for new-to-market American supplier seeking an entry into Korea is preliminary research to determine if there is a potential market for its product in Korea. The research should cover key marketing and regulatory issues including consumption trends, size of the market (imports), major distribution channels, current import tariffs and local taxes, and Korean government regulations and standards. The research, together with consultations with a potential Korean import partner down the road, can also help the American supplier to tell if any modifications to its existing product or marketing strategy would be needed.

The internet home-page ([www.atoseoul.com](http://www.atoseoul.com)) of the Agricultural Trade Office Seoul under the USDA/Foreign Agricultural Service is highly recommended to new-to-export American suppliers as the site offers various information about the Korean food market, including:

- [Market Reports](#) (GAIN): Reports on key products and industries published by FAS Seoul. Particularly Exporter Guide, FAIRS Country Report, Export Certificate Report, Retail Food Sector Report, and HRI Food Service Sector Report are recommended to new-to-market suppliers.
- [KORUS FTA Product Briefs](#): Short briefs on over 45 “best prospect” products are available.
- [Korea’s Agricultural Import Statistics](#): This spreadsheet, updated monthly, provides a summary of Korea's agricultural imports by four digit HS product code.
- [Korea's Agricultural Import Trends Presentation](#): This presentation, updated quarterly, provides an overview of Korea's agricultural imports and the competition between the U.S. and other competitors for key products.
- [What's Hot in South Korean Food Market](#): This monthly food news clipping summarizes new trends and developments in the Korean food market.

Local offices in Korea under USDA/FAS can also provide the American supplier with catered assistance with various market entry tools as well as links to other relevant sources of support (please see Section

VII of this report for contact information of the offices). Additionally, the United States Department of Commerce is another important source of information for non-agricultural products. In particular, the “Country Commercial Guide” published by the department includes a wide range of useful information about the Korean market ([www.buyusa.gov/korea/en/](http://www.buyusa.gov/korea/en/)).

*Establishing Korean Business Partners:*

While executing the preliminary market research, the American supplier is recommended to develop dialogues with potential business partners (importers/distributors) in Korea. Lists of Korean importers by product or by industry are available from the USDA/FAS offices in Korea. The lists are based on the industry contact database updated by the offices regularly. Korean importers in general are actively seeking new business opportunities with foreign suppliers and would willingly provide in-depth market intelligence if they are interested in the supplier’s product or business offer.

An effective tool recommended for developing contacts with Korean importers is exhibiting in reputable food trade shows because Korean importers highly value face-to-face encounters when developing new business with foreign supplier. In particular, the Seoul Food & Hotel, the only show officially endorsed by USDA/FAS in Korea, has been an outstanding venue for new-to-market American suppliers to develop business contacts with a large number of key importers and distributors in Korea. Registration information to join the U.S. Pavilion of the show is available from the organizer ([www.seoulfoodnhotel.co.kr](http://www.seoulfoodnhotel.co.kr), [rhoad@oakoverseas.com](mailto:rhoad@oakoverseas.com)). Other international food trade shows that attract a sizable number of Korean food buyers include FoodEx Japan ([www3.jma.or.jp/foodex/en/](http://www3.jma.or.jp/foodex/en/)), Natural Products Expo West ([www.expowest.com](http://www.expowest.com)), Fancy Food Show ([www.specialtyfood.com](http://www.specialtyfood.com)), SIAL France ([www.sialparis.com](http://www.sialparis.com)), and ANUGA Germany ([www.anuga.com](http://www.anuga.com)).

Another tool recommended is joining trade delegations to Korea organized by various American agricultural export promotion organizations, such as State Regional Trade Groups (SRTG, e.g., Food Export Association of the Midwest USA, Western U.S. Trade Association, and Southern U.S. Trade Association), State Departments of Agriculture, and USDA Cooperators (e.g. U.S. Dairy Export Council). Some of the states and USDA cooperators maintain representative offices or marketing contractors in Korea. Contact information of these organizations is available from USDA/FAS Korea offices.

Korea has well established regulations and procedures on food imports, which often makes entry of new-to-market product into Korea time and resource consuming process. Working with reputable importers is the approach that has been proven most efficient to overcome these regulatory challenges. Established importers are the best source for up-to-date market demand/supply intelligence, local business laws and practices, distribution channels, and most of all government regulations on imported foods.

As the dialogue develops further and the potential business partner is narrowed down, the American supplier would be asked to ship sample products to Korea. Sample products shipped to Korea could be subject to the same set of Korean regulations as required on regular commercial shipment to enter the market, and therefore allow the American supplier to verify in advance if the product would have any problem against Korean standards such as export certification requirement or food additive

standard. The test shipment also helps verify the Harmonized Tariff System (HS) Code that the product would be subject to in Korea, which decides the import tariff or tariff rated import quota that the product is subject to.

Once the test shipment finds no conflict against local regulations, and an agreement on price and transaction terms is reached, both parties would move forward to sign a formal contract to start actual business. The type of business relationship agreed between the U.S. exporter and the Korean importer may vary from a market exclusive, long-term business agreement to a non-binding, one-time purchase order mainly depending on how the exporter sees the role of the import partner in market development. One common practice is maintaining a non-binding seller-buyer relationship during the test-market period and then upgrading to a more binding option later if the partnership proves bigger potential. Letter of credit (L/C) is the most common and recommended payment terms used between new business partners. It is also recommended that the contract include an agreement on the method of resolution for any trade dispute that may arise from the transaction.

#### *Meeting Local Tastes:*

One of the common mistakes that American suppliers often make is viewing Koreans as the same natured consumers in the neighboring countries, Japan and China. Although it is true that people in these three Far Eastern Asian countries share some parts of their histories and cultures, Koreans' tastes for foods are different in many ways from the neighbors. Consequently, products that are catered to the taste of Korean consumers will have higher chance of making a successful entry into Korea. Personal visits to Korea should be the best way to develop understanding about the local tastes. Information gathering through Internet or associating with Korean American communities could also be an efficient tool.

Meeting local tastes could mean anything from modifying package design to reformulating the recipe. Package design, in particular, is a very important factor in Korea, and the American supplier should consider developing a new design that can better attract Korean consumers. Although many Koreans can read English, adding Korean language on the label can significantly improve the level of exposure on the shelf. Another noteworthy issue in packaging is the separate Korean language label required on imported products. This added, stick-on label can detract from the appearance of the product. The American supplier should discuss the design of the Korean language label with the import partner for better look. Korean language label is in general printed by the import partner and hand-attached to the product in the duty free warehouse at the port of entry before the customs inspection.

### **B. Local Business Customs & Practices**

Korea is a country of long tradition. While Korean importers understand international business customs and practices, paying attention to cultural differences and localities will facilitate building a trusted business relationship. The following are some business tips that American suppliers should keep in mind when associating with Korean businessmen.

#### *Initial Communication:*

Partly because of the strong influence of Confucianism philosophy still running through the society, Koreans try to be formal when they develop contacts with new people. As such, cold calling (or cold e-mailing) could be problematic in Korea. Koreans would take extra steps or efforts to make the initial communication as formal as possible. For example, e-mails or letters would include unnecessary 'protocol' information, such as lengthy greetings or elaborated introduction about the person in charge, less critical to the business subject. Initial communication may not be considered official or meaningful unless done in a formal way (e.g., use of official letterheads or seals) or by a proper level person in the organization. Communication exchanged between the working level staffs may not take effect until the senior level staffs are introduced to the discussion later for final confirmation on the preliminary agreement already made. Therefore, the American supplier should try to match the formality of the Korean counterpart particularly during the initial stage of contact. As a result, progress of the initial communication could be slow.

#### *Relationship Building & Social Networking:*

Koreans put high value on personal interaction when developing a new relationship, so they prefer to deal face-to-face. The American supplier may see little progress in negotiation until there is a face-to-face encounter made with the Korean counterpart. As a tool to supplement the personal interaction, Koreans seek introductions or comments by mutually connected third parties. Koreans love socializing and participate actively in various bodies of social network such as religious organizations, school alumni groups, political parties, and birth place associations. Any of these bodies of social network can help the American supplier develop or even troubleshoot relationship with the Korean business partner. It is notable that many Koreans are also actively engaging in on-line social media such as Blogs, Internet communities, *Facebook*, and *Twitter*.

#### *Language:*

Although English is the most common foreign language used in Korea and is officially taught in public schools, many Koreans find it difficult to communicate in English. Therefore, the American supplier should be very careful when writing or talking to the Korean counterpart in English. For every communication, the American supplier should try to use plain words, make the sentences as simple and clear as possible, avoid using slangs or trendy expressions, and ask for confirmation that the Korean counterpart has fully understood the idea. When corresponding through written communication, start with words of appreciation, clearly mark the recipient's name, title, and division (as many Koreans have the same last name), indicate a reasonable time frame for a response, and close with additional words of appreciation. By cultural nature, Koreans rarely say, "no" directly. Instead they often say the issue is "difficult." If there is anything unclear or confusing, it is best to ask directly and clearly what additional information or explanation is needed. When there is no satisfying reply, there is nothing wrong with politely asking again.

#### *Name Cards:*

Exchange of name cards is usually the first item of business expected at the very beginning of a face-to-face encounter. In Korea, people seldom call others by their first names. Instead, they use surnames (such as Mr. Lee) or title and surname together (such as President Lee). Never use the first name unless the person specifically asks to be called by his/her first name. Having the back side of business card translated and printed in Korean should help the Korean recipient better understand and

remember you. One thing to note is that Koreans put their surnames ahead of first names when they write their names in Korean. For example, in a Korean name 'Hong Gil-Dong', the surname is 'Hong'. Korean names are difficult for Westerners to tell if the contact is a male or a female. Title of job is much diversified in a Korean organization, so the title of job on a Korean business card could be misleading as there could be limited matching titles in an American organization (for example, 'Manager of Sales Department' title on a Korean business card could mean 'Sales Executive' up to 'Vice President of Sales' in an American company).

#### *Meetings:*

Clearly defined and listed agenda provided in advance to the Korean counterpart helps the meeting stay focused and generate successful outcomes. When the meeting includes a senior staff member who speaks little English, a designated junior staff member of the Korean company usually translate on behalf of the whole Korean party. However, regardless of the fluency of the translator from the Korean side, the American supplier should be prepared to provide all materials in writing to avoid misunderstanding. For important meetings, the American supplier should also consider hiring a professional interpreter. Take time before the meeting to ensure that your interpreter is familiar with the terms that you will use. Small talk is a good way to break the ice at the beginning of a meeting. Allow the Korean party to talk enough before giving your reply, but it should not be seen impolite to stop the talk and ask for clarification or further information.

#### *Evening Gatherings:*

Korean businessmen often gather after work over dinner or drinks not only for socialization but also for business. As an old Korean saying goes, "real business develops in (unofficial) evening gatherings after work", Korean businessmen tend to extend the official talk started during the work hour into the dinner or even to a late 'drinking gathering' following the dinner particularly when they want to make significant progress in the negotiation. Therefore, American suppliers are encouraged to actively participate in evening gatherings especially when dealing with the older generation Korean businessmen. Although Koreans are wary of people who refuse to drink or who drink moderately, foreigners are given some flexibility especially if you explain that you have health or religious reasons for abstaining. A useful, cultural point to note in this situation is that it is impolite to pour one's own drink. As such, participants should not be bashful about pouring for others in the table.

#### *Dress Code:*

Koreans take first impression from the look of a person very importantly. It is recommended to wear a business suit and tie when meeting or visiting Korean importers for the first time regardless of the weather (in the heat of summer most Koreans do not wear a tie) unless you intend to deliver a specific idea by wearing special attire.

#### *Resolving Conflicts:*

Koreans do not like to appear "lost face" when dealing with conflicts. Therefore, even a small concession offered by the American supplier can help resolve the conflict more quickly. Visible anger is not useful in a confrontation. Instead, silence could be a more effective method of conveying displeasure. Apologizing can also be useful and does not always mean that you feel you were wrong. Lastly, never point your criticism directly at one specific person, but try to share the issue with

the entire group of staffs involved in the Korean company. Law suits are very expensive and time consuming way to resolve conflicts. Therefore, it is always recommended to include an alternative measure in the contract how potential business disputes would be resolved. The following is a clause often used by the Korean traders - "All disputes related to this contract shall be finally settled by arbitration in the country of the respondent. In case the respondent is the Korean importer, the arbitration shall be held at the Korean Commercial Arbitration Board. In case the respondent is the American supplier, the arbitration shall be held at an American commercial arbitration association." The Korean Commercial Arbitration Board offers some useful information related to this issue ( [http://www.kcab.or.kr/servlet/kcab\\_adm/memberauth/5000](http://www.kcab.or.kr/servlet/kcab_adm/memberauth/5000)).

### C. General Consumer Tastes and Trends

Represented by steamed rice, Kimchi (cured and seasoned cabbage) and Bulgogi (soy sauce marinated beef), traditional Korean cuisine remains the mainstream of the Korean diet. However, globalization of the market and evolvement of consumer lifestyle have made today's Korean diet quite different from what it was in the past. Like consumers in developed countries everywhere, Koreans are looking for new taste, better value, convenience, high quality, and most of all, safe and healthy food in their daily diet.

Due in part to the aging population, there is a heavy emphasis among the general Korean public on healthy eating. Korean consumers' strong belief in health-improving efficacy of regular food ingredients dates back thousands of years as indicated by a still prevailing old Korean teaching, "food and medicine are from the same source". On top of this, 'Well-being', a theme that evoked new consumer trend of seeking both physical and psychological health by adopting more wholesome approaches in daily life has further heightened the Korean consumers' attention to healthy diet. As a result, sales of functional foods (such as glucosamine, chlorella, vitamins, anti-oxidants, lactic bacteria, antlers, pollen, fish oil, ginseng and other Asian herbs) as well as regular foods that are associated with health benefits (such as red wine, organic food, green tea, yoghurt, blueberries, pomegranate, and quinoa) continue to grow.

Table 3: Aging Korean Population (unit: 1,000 people)

Age Group	1995		2010		Growth
	Number	Share	Number	Share	
0-14	10,236	23.0 %	7,907	16.2%	-22.7 %
15-64	31,678	71.1 %	35,611	72.9%	12.4 %
65 +	2,640	5.9 %	5,357	11.0%	102.9 %

Source: Korea Statistics Office ([www.kostat.go.kr](http://www.kostat.go.kr))

It is important to note that Korean consumers today are extremely sensitive to food safety issues as they have gone through endless outbreaks of big and small food safety scandals over the years, including BSE cattle, Avian Influenza, Genetically Modified Organism (GMO), faulty additives found in Chinese processed foods, and radiation risk from Japanese seafood. As a result, Korean consumers tend to over-react to food safety issue of any magnitude regardless of the truthfulness of the issue in

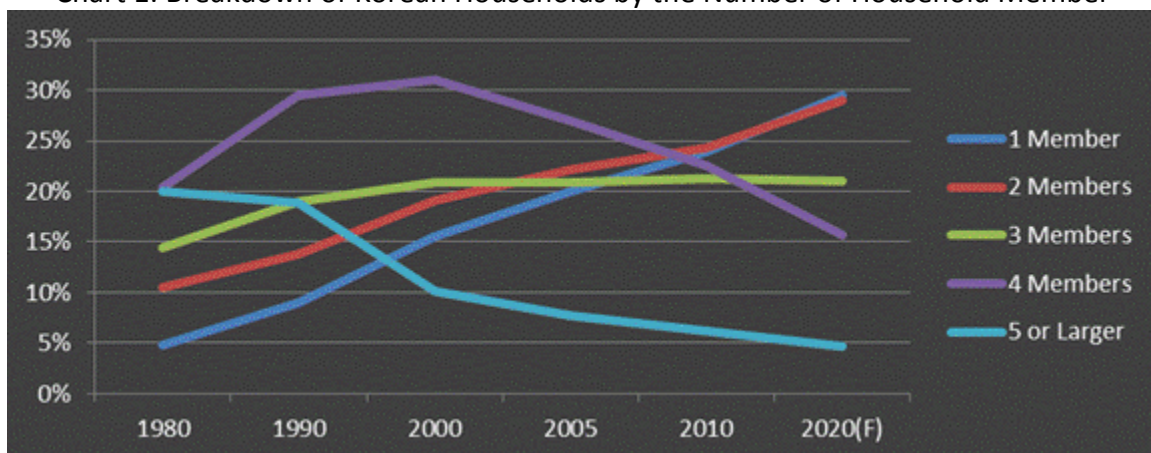
question. Furthermore, Internet and SNS networks have become the major communication channel to share and spread the food safety issues and concerns among the general Korean public, which makes it more difficult for the government authority or the supplier to respond to the issue in a timely and efficient manner.

Continued growth of the economy allows Korean consumers to pay more attention to quality, diversity and new taste in diet. In particular, better-traveled young consumers, many of whom are educated in foreign countries, are ushering more international products and food culture into the market. It is also notable that the number of 'super rich' consumers continues to increase in Korea (Korea had over 180,000 cash-millionaires in 2014, which ranked Korea 11<sup>th</sup> in the world in terms of the number of cash-millionaire in the market). While Japan served in the past as the leading window for Korean consumers to monitor and adopt new foreign food culture and products, today's Korean consumers are tracking more diverse international markets, including California, New York, Paris, and London for new foreign food ideas and trends.

At the same time, the call for better value is also emphasized in the market mainly due to the on-going retirement of the seven million Korean baby boomers as well as slowing-down of the local economy under the on-going global economic crisis. As a result, the number of private brand label products introduced by retail stores is on a rise. Retail stores are also trying to expand direct importation of agricultural products in an effort to eliminate the middlemen in the supply chain and lower the cost to the consumers. In addition, value-oriented retail stores, including dollar shops, warehouse discount stores and outlet shopping malls are currently deploying an aggressive expansion strategy to capitalize on the trend.

Convenience is another strong driving force behind many consumer trends as everyday life of Koreans gets busier. For example, rapid increase of dual-income families, single parent households, and single member households has led to a growing demand for Home Meal Replacement (HMR) products in retail stores as well as take-out meals in restaurants. Delivery service is extremely well developed in Korea as people do not want to waste time in the heavy traffic. Rapid growth of on-line shopping is also rooted partly in the demand for convenience.

Chart 1: Breakdown of Korean Households by the Number of Household Member



### **SECTION III IMPORT FOOD STANDARDS & REGULATIONS**

Korea has well-established standards and regulations on food and agricultural products. Imported products must meet all the local rules to be able to enter and sell in Korea. For detailed information regarding standards and regulations that imported food and agricultural products are subject to in Korea, including Labeling, Packaging, Export Health Certificates, MRL (Maximum Residue Level) Code, and Food Additive Code, please refer to the following annual reports published by the Office of Agricultural Affairs/FAS Seoul.

(1) [FAIRS \(Food and Agricultural Import Regulations and Standards\) Country Report Annual 2014](#), KS1359 dated December 26, 2013 (or visit [www.atoseoul.com](http://www.atoseoul.com) or [www.fas.usda.gov](http://www.fas.usda.gov) for more recent update).

(2) [FAIRS Export Certificate Report Annual 2014](#), KS1357 dated December 23, 2013

Animal & Plant Health Inspection Service (APHIS/USDA) also provides via its website ([www.aphis.usda.gov](http://www.aphis.usda.gov)) detailed information and guidance on export health certificates required in Korea by product.

### **SECTION IV IMPORT PROCEDURES**

#### **A. Customs Clearance**

Imported products are subject to mandatory documentation and inspection requirements administered by relevant agencies upon arrival in Korea.

The Korea Customs Service (KCS), the Ministry of Food and Drug Safety (MFDS), the Ministry of Agriculture, Food and Rural Affairs (MAFRA), and the Quarantine Inspection Agency (QIA under MAFRA) are the lead Korean authorities involved in the import clearance process. Any failure to satisfy the Korean regulations administered by these agencies will result in delays or rejections. Delays can be costly due to the perishable nature of agricultural products. In addition, other entities may be involved in regulating imports through administration of licenses or, in some cases quotas established on agricultural products. Due to the complex nature of the import clearance process, importers (or exporters) in general hire licensed customs attorneys/brokers to handle the needed work.

KCS is responsible for ensuring that the imported shipment has satisfied every requirement, including documentation, inspections and import tariffs, before releasing the product from the bonded area. Therefore, the respective quarantine inspection authorities (MFDS and QIA) must clear the shipment before KCS will clear it. All new-to-market products are subject to mandatory laboratory inspection. Subsequent shipments of the same product that have passed the first laboratory

inspection will be eligible to much simpler/shorter documentary/visual inspection (but could still be subject to laboratory testing on a random basis).

Table 4: MFDS Inspection Duration

Document Inspection	2 days
Visual Inspection	3 days
Laboratory Inspection	10 days
Random Inspection	5 days
Incubation Test	14 days

#### **B. Documents/Information Generally Required by the Korean Authority When Food is Imported**

- (1) Commercial Invoice
- (2) Bill of Lading (or Airway Bill)
- (3) Packing List
- (4) Certificate of Origin
- (5) Names of all ingredients and composition percentage of major ingredients
- (6) Names and contents of all food additives
- (7) Processing Flow Chart
- (8) Export health/sanitary certificate (for meat, fruit, nuts, vegetables, plants, grains, etc.)

#### **C. Korean Language Labeling Requirements**

All imported food products are required to carry legible Korean language labels to enter the market. Stickers may be used, but should not be easily removable nor should they cover the original label. Labels must contain the following information listed below (for further details and exceptions, please refer to FAIRS Country Report).

- (1) Product name
- (2) Product type
- (3) Importer's name and address
- (4) Manufacturer date
- (5) Shelf life or best before date
- (6) Contents (calories)
- (7) Ingredient names and content
- (8) Composite ingredients
- (9) Additives
- (10) Allergens
- (11) Nutrients
- (12) Other items designated by the detailed labeling standards for food such as public health warnings

#### **D. Import Tariffs and KORUS FTA**

Korea utilizes a 10 digit Harmonized Tariff Code System (HSK) and the local authority maintains an

exclusive right to make a ruling on HSK classification on imported products based on its own discretion. HSK classification on an imported product decides the amount of tariff and additional import restrictions (such as quotas) are applied to the product. In many cases, the American supplier would not be able to identify the HSK code that his or her product will be subject to in Korea until the product is officially reviewed by the Korean authority upon importation. As a result, there is a high risk for the traders to mistake the HSK code and consequently violate the Korean tariff regulation (fail to pay the due tariff). Any violations including unintentional mistakes could meet heavy penalties. Therefore, American suppliers are highly recommended to use 'HSK classification pre-review service' offered by the Korea Customs Valuation & Classification Institute (KCVCI) under the Korea Customs Service (KSC) through which traders can receive an official HSK classification ruling on an imported product before the product is imported into Korea for commercial sales. This service requires sample products and detailed information about the product for application which should be submitted through the local representative (import partner or customs broker) in Korea.

Tariffs charged on imported agricultural products vary considerably from product to product. Korea has established many trade agreements with individual countries as well as with bodies of economic coalitions (such as WTO and ASEAN) over the years. As a result, tariffs charged on imported agricultural products can also vary considerably from origin to origin. In general, tariff rates are higher on products that are important to local agriculture (for such products, there might be additional safe guard measures such as Tariff Rate Quotas or Safe Guard Tariffs). Ingredient products and bulk commodity products needed by local processing industry generally have lower tariffs.

The Korea-United States Free Trade Agreement (KORUS FTA), implemented on March 15, 2012 significant reduces tariffs on many American products imported into Korea. ATO Seoul homepage has a special section that offers detailed information and links related to the KORUS FTA, including:

(1) Full Text of the Agreement: <http://www.ustr.gov/trade-agreements/free-trade-agreements/korus-fta/final-text>

(2) Korea Tariff Schedule:  
[http://www.ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset\\_upload\\_file786\\_12756.pdf](http://www.ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset_upload_file786_12756.pdf)

You will find the base tariff rate and the phase out category for all agricultural and food products, organized by HSK code in the Korea Tariff Schedule. Phase-out categories include:

A	Immediate tariff elimination	E	6 year
B	2 year phase-out	F	7 year
C	3 year	G	10 year
D	5 year	H	15 year

(3) Country of Origin Certification:  
[http://www.atoseoul.com/fta/KORUS%20FTA%20COO%20FAQ\\_clean%20\(2\).pdf](http://www.atoseoul.com/fta/KORUS%20FTA%20COO%20FAQ_clean%20(2).pdf)

(4) Tariff-rate Quotas: <http://www.atoseoul.com/fta/step4.asp>

(5) FTA Briefs on Top 40 Products: <http://www.atoseoul.com/fta/fta%20product%20briefs.asp>

## **E. Trademarks and Patents**

New-to-market American suppliers should pay attention to protecting the company/product trademarks and patents, which can be easily handled by working with the Korean business partner or through local attorneys. The Korea Industrial Property Office (KIPO) is responsible for registration of trademarks and review of petitions related to trademark registration. In accordance with the Trademark Law, trademarks are registered in Korea on a “first file, first registered” principle. A person who registers a trademark first has a preferential right to that trademark, and Korean law protects the person who has the right over the trademark. To prevent trademark disputes, American companies considering conducting business in Korea are encouraged to register their trademarks as early as possible. For more information, see the Korea Industrial Property Rights Information Service website (<http://eng.kipris.or.kr>).

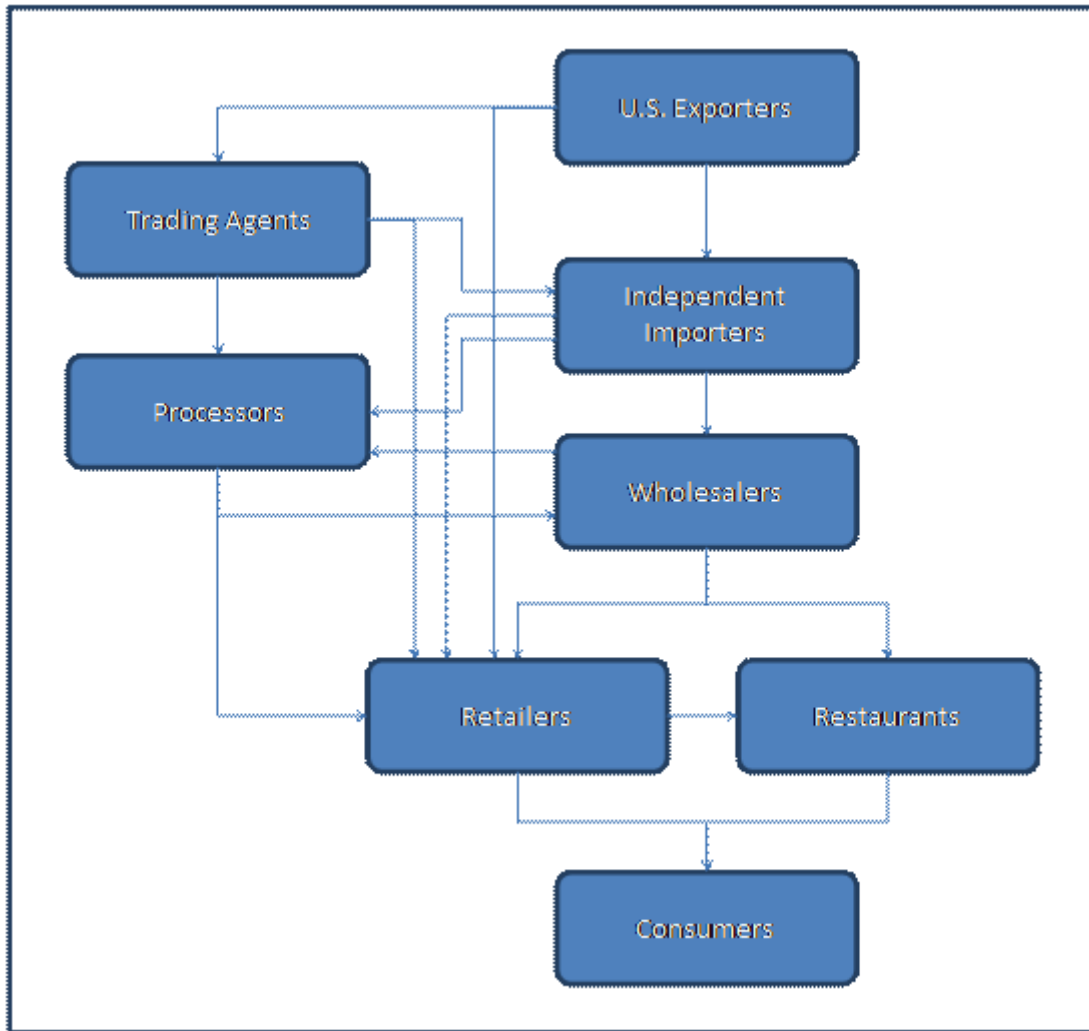
## **SECTION V. MARKET SECTOR STRUCTURE AND TRENDS**

### **A. Supply Chain and Product Flow**

The supply chain for imported agricultural and food products in general involves multiple layers of middlemen and distributors, which is part reason for high consumer price of many imported products in Korea.

It takes at least two weeks for a container ship from a western American port, and four weeks from an eastern port, to arrive in a port in Korea. Most imported consumer ready products enter Korea through the port of Busan, the second largest city in Korea at the southeastern tip of the peninsula. Port of Incheon, which is much closer to the Seoul metropolitan area, is another important entry point. In rare occasions, small-volume-high-value products, such as premium wine and live lobsters, are brought via air cargos through Incheon International Airport (ICN).

Chart 2: Flow of Imported Food and Agricultural Products



Once the products are cleared from the customs, they are transported to the importer's warehouse for temporary storage. Importers may have warehouses in more than one location. Small, independent importers in general use third party logistics service providers for warehousing and trucking to avoid high overhead cost. The importer usually supplies directly to the large-scale customer's warehouse but may use wholesalers or independent sales brokers when supplying to small customers or to distant regional markets. Large-scale retailers and franchise food service (restaurant) companies in general operate a network of "distribution-hubs" across the country, each of which services all the branch stores and end-user restaurants in the given regional market.

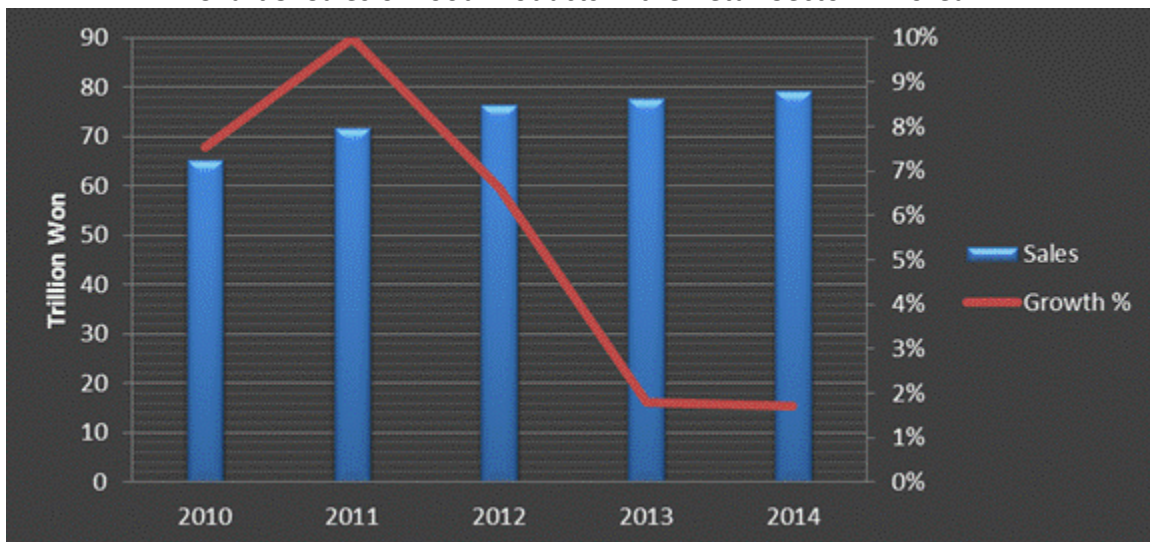
The city of Seoul (capital city of Korea) and its surrounding area within 60 miles radius account for over 50 percent of the total Korean population and 70 percent of total retail sales in Korea. Although the government maintains a strong policy initiative to develop other regions of the country for balanced growth, Seoul metropolitan area is expected to maintain a dominant share of the food market sales in Korea in the coming years because it should continue to draw people for jobs and education. Regional markets that are likely to see a significant growth in the coming years include Busan, Inchon, Jeju, and Daejeon (Daejeon area, located in the middle section of the peninsula, has been designated as the new

home of the Korean government offices).

## B. Retail Food Sector

The retail food sector in Korea has evolved dramatically ever since opening of its first large-scale discount store (i.e., hypermarket) in 1993 (E-Mart by Shinsegae Co.) and the liberalization of large-scale retail business to foreign ownership in 1996 (Macro, a Dutch retailer was the first one to enter the market). As a result, modern format, large-scale retail businesses such as hypermarket chains, grocery supermarket chains, convenience store chains, and on-line retailers have grown rapidly at the expense of traditional street markets and family-operated small retailers over the years. Expansion of these new retail industries coupled with the introduction of new information technologies has brought a big change in the way Korean consumers purchase daily necessities, including food.

Chart 3: Sales of Food Products in the Retail Sector in Korea



Source: Retail Industry Sales by Product Statistics, Korea Statistics Office (<http://kosis.kr>)

Overall retail sector sales in Korea amounted to W360 trillion Korean won in 2014 (approximately \$331 billion, exchange rate: \$1 = W1,088 as of Dec. 31, 2014), up 1.7 percent from the previous year. The retail sector sales have shown a sluggish growth in recent years as the Korean economy slowed down under the global economic crisis. Total sales of food products in the retail sector amounted to W79.2 trillion in 2014, up 1.7 percent from the previous year. In other words, food products accounted for 22 percent of the overall retail sector sales.

Grocery supermarket segment was the leading retail channel for food products in Korea with an estimated W29.9 trillion of food sales in 2014, followed by hypermarket segment. However, in terms of growth, on-line retailer segment showed the highest growth of food sales between 2012 and 2014, followed by convenience store segment. Considering the strong consumer demand for convenient and time saving shopping tool, on-line retailers and convenience stores are likely to lead the growth of food product sales in the Korean retail sector in the coming years. On the other hand, hypermarkets and department stores are expected to see stagnant food sales growth not only under the rising

competition from other retail segments but also because of limited room to add new stores in the market.

Table 5: Estimated Sales of Food Products by Retail Industry Segment (2014)

Segment	Total Sales	Share of Food Products in Total Sales*	Food Sales (Estimates)
Grocery Supermarkets	₩35.4 trillion	84.5%	₩29.9 trillion
Hypermarkets	₩47.5 trillion	51.0%	₩22.2 trillion
Convenience Stores	₩12.7 trillion	51.4%	₩6.5 trillion
On-line Retailers	₩41.1 trillion	10.7%	₩4.4 trillion
Department Stores	₩29.3 trillion	10.1%	₩2.9 trillion
Others**			₩13.3 trillion
Grand Total			₩79.2 trillion

Source: Retail Industry Sales by Product Statistics, Korea National Statistics Office (<http://kosis.kr>)

\*Note: Estimates based on IR reports of some of the leading companies in each segment. The figure for on-line retailers is from 'On-line shopping industry product sales statistics' by Korea National Statistics Office.

\*\*Note: Others include independent, family operated retail stores of various consumer goods; traditional street markets; and category-focused specialty retail stores (independent or franchise operation).

Chart 4: Estimated Sales of Food Products by Retail Industry Segment (2012 vs 2014)



Rapid expansion of large-scale businesses over the years has heightened the competitive pressure in the Korean retail sector. As a result, leading players have actively pursued merger and acquisition (M&A) opportunities to achieve bigger control of the market. It is notable that leading retail companies in Korea today have become “conglomerate” retail force that operates retail businesses in diverse retail industry segments. For example, the business umbrella of Lotte Shopping Co. includes grocery supermarkets, hypermarkets, department stores, convenience stores, outlet shopping malls, duty free stores, TV home shopping, and Internet shopping malls. Expansion into foreign markets has been another area that leading Korea retailers have also invested heavily in recent years for new growth opportunity. For example, Lotte Mart, which currently operates 108 hypermarket stores in Korea, has increased its stores in foreign markets to 148 as of January 2015, including 102 in China and 38 in Indonesia.

Korean retailers in general rely heavily on independent importers or middleman distributors for

imported food and agricultural products. Although leading players are making increased efforts to expand direct imports for lower cost and improved product assortment, their current attention is mainly targeted on a limited number of large volume products such as fresh fruits and meat.

Growth of modern retail business in Korea has coincided with development of modern, large-scale logistics service industry. Leading retailers are equipped with temperature controlled distribution network of trucks and warehouses that cover the entire market. On the other hand, small to medium size retailers in general rely on third party logistics service providers. Logistics service industry is likely to continue a strong growth in the coming year due to a rapid rise in demand for home delivery service which is now widely offered not only by on-line retailers but also by conventional retail stores.

Each Korean household spent on average W362,450 or 14.2 percent of its total monthly consumption expenditure on grocery food purchases in 2014. Compared to 2012, household spending showed a significant increase on grains, salted or dried seafood, confectioneries & snacks, alcohol beverages, and other processed foods. On the other hand, spending on fresh or processed vegetables, spices and seasonings, and coffee and tea showed a significant decline.

Table 6: Breakdown of Monthly Korean Household Grocery Food Purchases (Unit: Won)

Year	2012		2014		Change
Number of Household Members	3.27		3.21		-1.8%
Total Household Income	W4,076,876		W4,302,352		5.5%
Total Consumption Expenditure	W2,457,441		W2,551,057		3.8%
Total Grocery Food Expenditure	W358,969		W362,450		1.0%
Product Category	Amount	Share	Amount	Share	
Grains	W21,092	5.7%	W22,152	6.0%	5.0%
Processed Grains	W16,813	4.6%	W16,234	4.4%	-3.4%
Bakery Products & Rice Cakes	W21,708	5.9%	W22,221	6.0%	2.4%
Meat	W49,166	13.4%	W52,598	14.3%	7.0%
Processed Meat	W11,573	3.1%	W11,172	3.0%	-3.5%
Fresh Seafood	W21,207	5.8%	W20,592	5.6%	-2.9%
Salted or Dried Seafood	W7,045	1.9%	W7,978	2.2%	13.2%
Other Processed Seafood	W7,123	1.9%	W7,366	2.0%	3.4%
Dairy Products & Eggs	W31,805	8.7%	W31,686	8.6%	-0.4%
Oil & Fat	W2,753	0.7%	W2,806	0.8%	1.9%
Fresh & Processed Fruits	W43,314	11.8%	W44,500	12.1%	2.7%
Fresh & Processed Vegetables	W39,679	10.8%	W35,565	9.7%	-10.4%
Fresh & Processed Seaweeds	W4,375	1.2%	W4,339	1.2%	-0.8%
Confectioneries & Snacks	W26,069	7.1%	W28,135	7.7%	7.9%
Spices & Seasonings	W14,963	4.1%	W11,972	3.3%	-20.0%
Other Processed Foods	W10,208	2.8%	W11,957	3.3%	17.1%
Coffee & Tea	W8,500	2.3%	W7,904	2.1%	-7.0%
Juice & Beverages	W11,797	3.2%	W12,006	3.3%	1.8%
Alcohol Beverages	W9,779	2.7%	W11,267	3.1%	15.2%

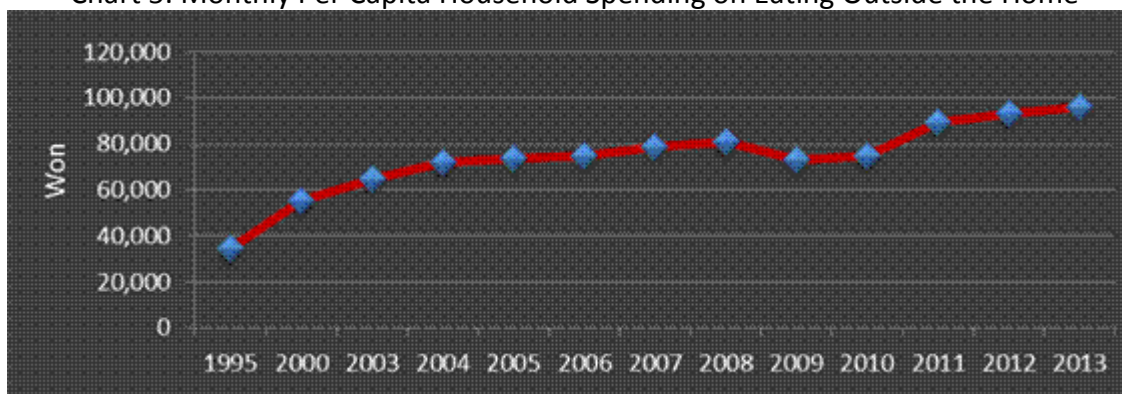
Source: Monthly Household Expenditure Survey, Korea Statics Office (<http://kosis.kr>)

For further information about the retail food sector in Korea, please refer to [the Korea Retail Food Sector Biennial Report 2015, KS1512](#) dated April 1, 2015 (available from [www.atoseoul.com](http://www.atoseoul.com) or [www.fas.usda.gov](http://www.fas.usda.gov)).

### C. Hotel, Restaurant and Institutional (HRI) Food Service Sector

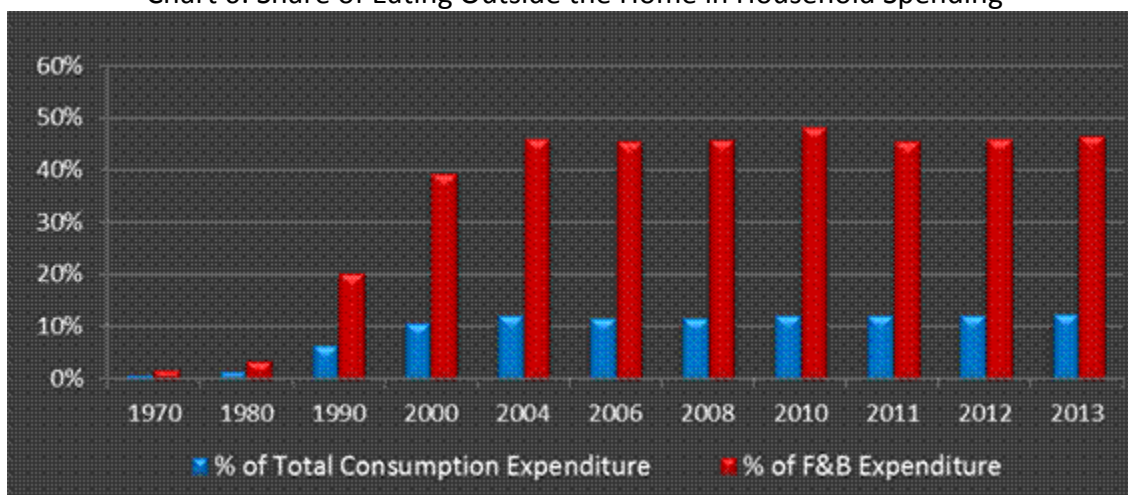
Changes in lifestyle and dietary culture coupled with increased consumer income level have resulted in a rapid growth of the food service industry in Korea over the years. Monthly per capita household spending on eating outside of the home has more than doubled during the last ten years, reaching W95,924 won in 2013, up 11.1 percent from the previous year. In other words, each Korean household spent 46.5 percent of its food and beverage expenditure, or 12.6 percent of total consumption expenditure on eating outside the home. It is expected that spending on eating outside the home will continue to grow in the coming years as Korean consumers face ever busier lifestyle with increased number of dual-income families and single-member households.

Chart 5: Monthly Per Capita Household Spending on Eating Outside the Home



Source: Monthly Household Income & Expenditure Survey, Korea Statistics Office

Chart 6: Share of Eating Outside the Home in Household Spending



Source: Monthly Household Income & Expenditure Survey, Korea Statistics Office

According to the Korean government statistics, the restaurant and bar industry earned a total of W77.3 trillion won (roughly \$69.8 billion) of cash register sales in 2012, up 5.1 percent from the previous year. Restaurant industry accounted for 88.1 percent of the sales while bar industry accounted for the rest 11.9 percent. The number of restaurants and bars in the industry totaled 624,831 in 2012, up 2.9 percent from the previous year. Restaurants serving Korean dishes were the single largest segment of the industry by accounting for W35.2 trillion won of sales. Over 78 percent of the restaurant industry sales were by full service restaurants whereas quick service restaurants accounted for the rest 22 percent of the sales. However, quick service restaurants in general have shown much bigger sales growth in recent years than full service restaurants as the demand for quick meal solutions among the general public increased.

Chart 7: Annual Sales and Total Number of Restaurants & Bars in Korea



Source: Restaurant & Bar Industry Statistics, Korea Statics Office

Table 7: Breakdown of Restaurant & Bar Industry in Korea (Sales: Trillion Won)

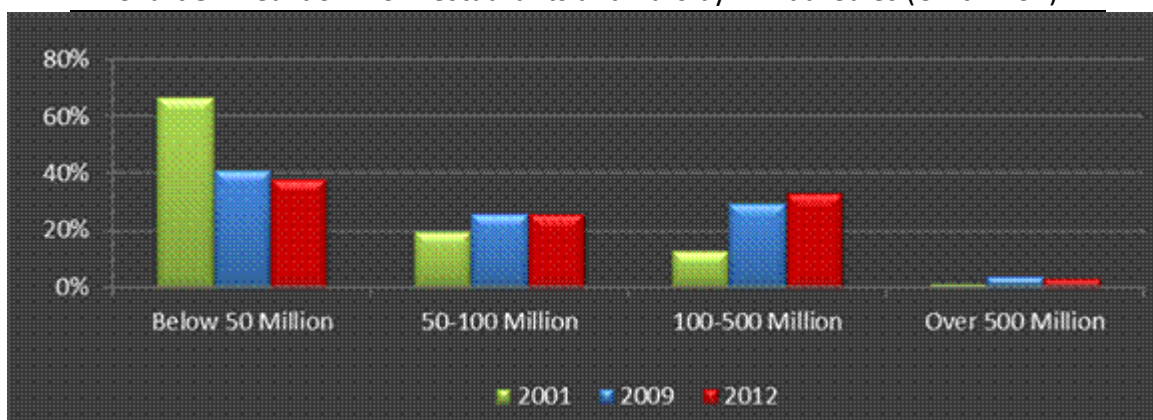
Year		2009		2012	
Segment		Number	Sales	Number	Sales
Full Service Restaurant	Korean	278,978	33.8	295,348	35.2
	Chinese	21,466	3.1	21,680	3.0
	Japanese	6,268	1.8	7,211	2.2
	Western	9,471	3.1	10,678	3.8
	Contract Feeding	4,566	2.8	6,955	4.7
	Catering	469	0.1	496	0.1
	Others	100,638	11.4	108,970	14.1
Quick Service Restaurant	Korean	45,454	2.7	45,070	3.0
	Western	38,258	5.0	44,850	6.1
	Non-alcohol Beverage	27,768	2.1	42,458	3.3
	Bakery	13,223	2.8	14,799	4.0

	Others	3,703	0.9	4,251	1.1
Bar	Bar & Salon	130,881	11.6	131,035	10.9

Source: Restaurant & Bar Industry Statistics, Korea Statics Office

It is notable that the Korean food service sector is still largely composed of small-scale, family-operated businesses as evidenced by the fact that over 90 percent of restaurants and bars in Korea were small businesses that hired less than five employees as of 2012. In addition, over 63 percent of restaurants and bars earned less than W100 million won (roughly \$100,000) of annual cash register sales. Marketers point out that there are too many restaurants in Korea for the population. Roughly speaking, there is one restaurant per every 100 Koreans. As a result, distribution of products in the food service industry still relies heavily on traditional channels, which involve multiple layers of small-scale middlemen distributors between the producer and the restaurant. However, restructuring of the sector, mainly fueled by expansion of large-scale corporations into the food service business, has led to a rapid growth of large-scale restaurants and bars, many of them under franchise operation, at the expense of small-scale, independent businesses. The industry restructuring has also coincided with a rapid development of large-scale, broad-line food service distributors that offer streamlined and consolidated product supply.

Chart 8: Breakdown of Restaurants and Bars by Annual Sales (Unit: Won)



Source: Restaurant & Bar Industry Statistics, Korea Statics Office

The evolvement of the food service sector is generating new opportunities for imported products that offer new tastes, healthy recipes, added-value, stable supply, and specifications catered to the food service industry use, characteristics where U.S. products are competitive.

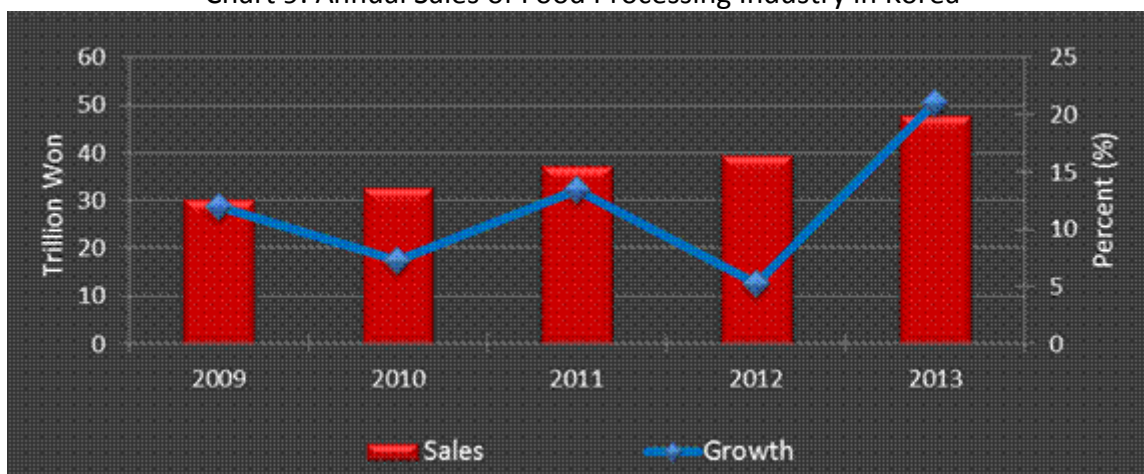
For further detailed information about the HRI food service sector in Korea, please refer to [Korea HRI Food Service Sector Biennial Market Brief 2014](#), KS1415 dated March 17, 2014 (available from [www.atoseoul.com](http://www.atoseoul.com) or [www.fas.usda.gov](http://www.fas.usda.gov)).

#### D. Food Processing Sector

Korea maintains a strong food processing industry that manufactures a wide variety of processed food products and food additives. There were over 25,000 food processing companies Korea, which

generated W47.8 trillion won (roughly \$43.5 billion) of sales in 2013, up 21 percent from the previous year. This unusually high increase of the sector sales between 2012 and 2013 was due to inclusion of alcohol beverage category to the definition of processed food in 2013 data (which reflected transfer of the regulatory authority on alcohol beverage from the Korea Tax Service to the Korea Ministry of Food & Drug Safety in 2013). If alcohol beverage category was not counted, the sector sales grew 4.2 percent between 2012 and 2013.

Chart 9: Annual Sales of Food Processing Industry in Korea



Source: Food & Food Additive Production Data, Ministry of Food & Drug Administration (<http://kosis.kr>)

Table 8: Top 20 Products of the Korean Food Processing Industry (2013)

Rank	Product	Production	Domestic Sales*
1	Beer	1,945,824 MT	W3,256 Billion
2	Soju (a local distilled spirits)	1,206,033 MT	W1,823 Billion
3	Carbonated Beverage	1,492,480 MT	W1,372 Billion
4	Instant Noodle in Plastic Bag	373,462 MT	W1,337 Billion
5	Sauces	410,690 MT	W1,238 Billion
6	Other Processed Foods	518,839 MT	W1,232 Billion
7	Wheat Flour	1,612,207 MT	W1,139 Billion
8	Snacks	156,583 MT	W1,060 Billion
9	Bread	424,808 MT	W1,060 Billion
10	Instant Coffee	257,174 MT	W939 Billion
11	Biscuits	148,972 MT	W922 Billion
12	Cakes	87,128 MT	W879 Billion
13	Seasoned Processed Foods	177,282 MT	W826 Billion
14	Processed Seafood	186,384 MT	W824 Billion
15	Mixed Beverages	791,391 MT	W802 Billion
16	Processed Chocolate Products	85,475 MT	W766 Billion
17	White Table Sugar	1,260,953 MT	W745 Billion
18	Cabbage Kimchi	341,376 MT	W739 Billion
19	Ready-to-Drink Coffee Beverages	319,909 MT	W655 Billion
20	Instant Noodle in Self-serving Container	109,587 MT	W604 Billion

Source: Food & Food Additive Production Data, Ministry of Food & Drug Administration

\* Note: Sales figures do not include exports

Table 9: Top 15 Food Processing Companies in Korea (2013)

Rank	Name of Company	Annual Sales	Main Products
1	CJ Cheiljedang	W2,532 Billion	Flour, Noodles, Sugar, Sauces, Flavors, Fat & Oils, Ready-to-serve food, Snacks, Non-alcohol beverages
2	OB Brewery	W2,140 Billion	Beer & Alcohol beverages
3	Nongshim	W1,975 Billion	Instant noodles, Snacks, Beverages
4	Hite-Jinro	W1,917 Billion	Beer & Alcohol beverages
5	Lotte Chilsung	W1,803 Billion	Non-alcohol beverages
6	Lotte Confectionary	W1,207 Billion	Snacks, Confectioneries
7	Dongsuh Food	W1,016 Billion	Instant coffee, Tea
8	Coca-Cola Beverage	W1,003 Billion	Non-alcohol beverages
9	Samlip Food	W832 Billion	Bakery products, Snacks
10	Daesang	W814 Billion	Noodles, Sauces, Flavors, Fat & Oils, Ready-to-serve food, Non-alcohol beverages
11	Orion	W777 Billion	Snacks, Confectioneries
12	Ottoogi	W750 Billion	Sauces, Oils, Instant noodles, Ready-to-serve food
13	Paris Croissant	W743 Billion	Bakery products
14	Haitai Confectionery	W720 Billion	Snacks, Confectionery products, Non-alcohol beverages
15	Lotte Food	W608 Billion	Ice Cream, Fat & Oil, Non-alcohol beverages

Source: Food & Food Additive Production Data, Ministry of Food & Drug Administration (<http://kosis.kr>)

The Korean processing industry relies heavily on imports for raw materials, intermediate ingredients and additives because of limited local supply. As a result, Korean food processing industry is an outstanding buyer for almost all types of agricultural products for processing use from basic commodities such as corn and wheat to intermediate ingredients such as whey powder and fruit juice concentrate to food additives such as flavors and coloring agents. About 8 percent of overall production by the Korean food processing industry is currently exported to foreign markets. As Korean processors are making heavy investments to expand their export business, the amount of imported ingredients needed by the Korean processors is likely to show steady increase in the coming

years. Korean government has also been providing the industry with a financial and promotional support under “globalization of Korean Food” policy initiative to boost up the exports.

It is notable that the local processing industry is participated by a large number of small to medium size businesses as indicated by the fact that only 123 of the 25,088 food processing companies in the market had over 200 employees as of 2013.

Table 10: Breakdown of Food Processing Companies by Employment Size (2013)

Number of Employees	Number of Companies
10 or less	20,455
11 – 50	3,809
51 – 200	701
Over 200	123
Total	25,088

Source: Food & Food Additive Production Data, Ministry of Food & Drug Administration

For further detailed information about the food processing sector in Korea, please refer to [the Korea Food Processing Ingredients Market Brief 2014, KS1446](#) dated December 29, 2014 (available from [www.atoseoul.com](http://www.atoseoul.com) or [www.fas.usda.gov](http://www.fas.usda.gov)).

## SECTION VI. KOREA’S AGRICULTURAL & FOOD IMPORTS

### A. Agricultural & Food Import Statistics

[Monthly updated statistics of Korea’s agricultural and food imports](#), organized by 4-digit HS code based on the Korea Trade Information Service database (KOTIS, CIF value) is available from the ATO Seoul’s Internet home-page ([www.atoseoul.com](http://www.atoseoul.com)).

Monthly updated statistics of the U.S. agricultural and food exports to Korea, organized by 4-digit HS code based on USDA/FAS database (BICO, FOB value) is also available from the ATO Seoul’s internet home-page.

### B. Best High-value, Consumer-oriented Product Prospects

Product Category	HS Code	2014 Imports (\$ Mil) from World	3 Yr. Avg. Annual Import Growth World	2015 Import Tariff Rates on American Product*	Key Constraints for Market Development	Market Attractiveness for U.S. Suppliers
		USA	USA			
Beef	0201-0202	1,673	4.5%	29.3%	BSE image, Competition, High tariffs	Stable supply, Good quality, Competitive price
		706	8.1%			

Pork	0203	1,158	-2.6%	0% - 13.5%	Competition, High tariffs	Stable supply, Good quality, Competitive price
		348	-6.1%			
Poultry	0207	252	4.4%	7.7% - 16.2%	Competition, Avian Influenza	Stable supply, Good quality
		98	-5.2%			
Fish, Live	0301	271	1.4%	0% - 27%	Competition Local taste	Reduced local supply Safety concerns
		12	54.7%			
Fish, Frozen	0303	1,256	-5.2%	0% - 63%	Competition, Local taste	Reduced local supply Safety concerns
		93	3.0%			
Fish, Fillet	0304	426	6.3%	0% – 7.6%	Competition, Local taste	Reduced local supply Safety concerns
		65	18.3%			
Crustaceans	0306	790	14.3%	0% - 30%	Competition	Stable supply, Good quality, Competitive price
		44	294.9%			
Cheese & Curd	0406	497	12.0%	0% – 26.4%	TRQ, EU competitors	Stable supply, Good quality
		301	31.4%			
Nuts	0802	389	29.6%	0% -415.6%	High price, Global demand	Health image, Good quality
		346	26.7%			
Citrus Fruits	0805	221	6.1%	0% - 105.6%	Competition, Sanitation protocol	Stable supply, Good quality Competitive price
		196	4.2%			
Grapes	0806	202	17.6%	0% -34.4%	Chile, Competition	Good quality
		32	10.7%			
Cherries, Fresh	0809.20	126	40.4%	0%	Short shelf life	Good quality
		123	42.2%			
Processed Fruits & Nuts	0811 - 0814	131	12.3%	0% - 407.6%	Competition	Health Image, Good Quality
		31	5.3%			
Coffee	0901	527	-3.0%	0% - 1.6%	Competition	Strong growth of café industry
		35	12.3%			
Sausages & Similar Products	1601	31	6.7%	0% - 3.6%	Competition, No beef ingredients	Good quality, Competitive price
		28	7.8%			
Prepared or Preserved Crustaceans	1605	315	8.4%	0% -12%	Competition	Good quality, Stable supply
		4	7.8%			
Sugar Confectionery	1704	157	21.8%	1.6% - 4.8%	EU competitors, Local processors	Good brand recognition
		30	35.9%			
Chocolate & Food Preparation	1806	323	8.8%	0% - 26.6%	EU competitors, Local processors	Good brand recognition
		96	6.6%			
Bread, Pastry, Cakes, etc.	1905	290	14.5%	1.6% - 4.8%	EU competitors, Local processors	Good brand recognition
		76	18.0%			
Preparations of Vegetables &	2001- 2009	919	5.6%	0% - 36.3%	Competition	Good quality Stable supply
		267	12.8%			

Fruits & Juices						
Sauces & Preparations	2103	199	2.7%	0% - 36%	Competition, Local taste	Demand for new taste
		30	11.2%			
Food Preparations Other	2106	936	6.6%	0% - 452.2%	Competition, Local taste	Good brand recognition
		533	14.8%			
Flavored Mineral Water	2202	65	18.5%	0% - 5.4%	Competition Local taste	Good brand recognition
		25	11.0%			
Beer	2203	112	24.1%	12.8%	Competition, Local taste	Good quality Good diversity
		7	9.5%			
Wine	2204	182	11.4%	0%	Competition High price	Good value
		21	20.5%			
Spirits, Liqueurs	2208	253	-0.9%	0% - 12%	EU competitors Health concerns	Good value
		10	11.0%			

Note \*: For specific tariff rates for individual products in the category, please contact ATO Seoul.

## SECTION VII. KEY CONTACTS AND FURTHER INFORMATION

### A. USDA/FAS Offices in Korea

1. For information about the Korean agricultural market and regulations, please contact:

U.S. Agricultural Trade Office Seoul (ATO)

Korean Address: Room 303, Leema Building, 146-1, Susong-dong, Jongro-gu, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-ATO, APO, AP 96205-5550

Telephone: +82-2 6951-6848 Fax: +82-2 720-7921

E-mail: atoseoul@fas.usda.gov

Internet homepage: www.atoseoul.com

Agricultural Affairs Office, U.S. Embassy Seoul (AAO)

Korean Address: U.S. Embassy, 82, Sejong-ro, Jongro-gu, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-AgAff, APO, AP 96205-5550

Telephone: +82-2 397-4297 Fax: +82-2 738-7147

E-mail: agseoul@fas.usda.gov

2. For further information about sanitary/export certificate requirements, please contact:

U.S. Animal Plant and Health Inspection Service Seoul (APHIS)

Korean Address: Room 303, Leema Building, 146-1, Susong-dong, Jongro-gu, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-APHIS, APO, AP 96205-5550

Telephone: +82-2 725-5495 Fax: +82-2 725-5496

E-mail: yunhee.kim@aphis.usda.gov

Internet Homepage: www.aphis.usda.gov

## **B. State Regional Trade Groups (SRTG)**

For information about export assistant programs offered by State Regional Trade Groups, please contact:

Western United States Agricultural Trade Association (WUSATA)  
2500 Main Street, Suite 110, Vancouver, WA 98660-2697, USA  
Telephone: 360-693-3373 Fax: 360-693-3464  
E-mail: [janet@wusata.org](mailto:janet@wusata.org)  
Website: [www.wusata.org](http://www.wusata.org)

Food Export Association of the Midwest USA  
309 W. Washington St., Suite 600, Chicago, Illinois 60606, USA  
Telephone: 312-334-9200 Fax: 312-334-9230  
E-mail: [thamilton@foodexport.org](mailto:thamilton@foodexport.org)  
Website: [www.foodexport.org](http://www.foodexport.org)

Food Export USA - Northeast Region of the United States  
150 S. Independence Mall West, 1036 Public Ledger Building, Philadelphia, PA 19106, USA  
Telephone: 215-829-9111 Fax: 215-829-9777  
E-mail: [jcanono@foodexportusa.org](mailto:jcanono@foodexportusa.org)  
Website: [www.foodexportusa.org](http://www.foodexportusa.org)

Southern United States Agricultural Trade Association (SUSTA)  
2 Canal Street Suite 2515, New Orleans, LA 70130, USA  
Telephone: 504-568-5986 Fax: 504-568-6010  
E-mail: [jim@susta.org](mailto:jim@susta.org)  
Website: [www.susta.org](http://www.susta.org)

## **D. Additional Sources of Information & Support**

1. For information on the non-agricultural commercial and industrial products in Korea, please contact:

U.S. Commercial Service  
Korean Address: U.S. Embassy, 82, Sejong-ro, Jongro-gu, Seoul, Korea  
U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-USCS, APO, AP 96205-5550  
Telephone: +82-2 397-4535 Fax: +82-2 739-1628  
E-mail: [Seoul.office.box@mail.doc.gov](mailto:Seoul.office.box@mail.doc.gov)  
Homepage: [www.buyusa.gov/korea](http://www.buyusa.gov/korea)

2. The American Chamber of Commerce in Korea (AMCHAM) offers a local network of American businesses by sector, through which its over 1,000 member companies can share market intelligence and collaborate on new business opportunities.

Address: #4501 Trade Tower, 159-1 Samsung-dong, Gangnam-gu, Seoul, Korea  
Telephone: +82-2 564-2040 Fax: +82-2 564-2050  
E-mail: [amchamrsvp@amchamkorea.org](mailto:amchamrsvp@amchamkorea.org)  
Homepage: [www.amchamkorea.org](http://www.amchamkorea.org)

### 3. American State Offices in Korea (ASOK)

Fairfax County Economic Development Authority (FCEDA) VA, USA  
Phone: 82-2-774-0601 Fax: 82-2-774-6646  
E-mail: [fairfaxkorea@fceda.org](mailto:fairfaxkorea@fceda.org) Website: [www.fairfaxcountyeda.org](http://www.fairfaxcountyeda.org)

State of Georgia Korea Office  
Tel: 82-2-702-6093 Fax: 82-2-701-9858  
E-mail: [hshin@georgia.org](mailto:hshin@georgia.org) Website: [www.georgia.org](http://www.georgia.org)

South Central Kentucky Korea Office  
Tel: 82-31-521-8426 Fax: 82-31-516-0426  
E-mail: [indiace@unitel.co.kr](mailto:indiace@unitel.co.kr) Website: [www.southcentralky.com](http://www.southcentralky.com)

Louisiana State Economic Development Korea Office  
Tel: 82-2-508-8768 Fax: 82-2-6275-5060  
E-mail: [youngho.seo@la.gov](mailto:youngho.seo@la.gov) Website: [www.opportunitylousiana.com](http://www.opportunitylousiana.com)

Minnesota State Trade Promotion Korea Office  
Tel: 82-10-4400-4510 Fax: 82-2-544-8346  
E-mail: [hank.imm@state.mn.us](mailto:hank.imm@state.mn.us) Website: [www.mm.gov/deed/trade](http://www.mm.gov/deed/trade)

State of Mississippi Korea Office  
Tel: 82-2-548-9125 Fax: 82-2-548-9127  
E-mail: [sscho59@empas.com](mailto:sscho59@empas.com) Website: [www.mississippi.org](http://www.mississippi.org)

State of Missouri Korea Office  
Tel: 82-70-4322-1926  
E-mail: [joseph.lenox@missouri-korea.com](mailto:joseph.lenox@missouri-korea.com) Website: [www.ded.mo.gov](http://www.ded.mo.gov)

Economic Development Partnership of North Carolina  
Tel: 82-2-3497-1650  
E-mail: [eunjin@impex.or.kr](mailto:eunjin@impex.or.kr) Website: [www.edpnc.com](http://www.edpnc.com)

State of Oregon Korea Office  
Tel: 82-2-753-1349 Fax: 82-2-753-5154  
E-mail: [oregonkorea@kornet.net](mailto:oregonkorea@kornet.net) Website: [www.oregonkorea.org](http://www.oregonkorea.org)

Commonwealth of Pennsylvania Korea Office

Tel: 82-2-786-7701

Fax: 82-2-786-7704

E-mail: [kyang@pennsylvania.or.kr](mailto:kyang@pennsylvania.or.kr)

Website: [www.pennsylvania.or.kr](http://www.pennsylvania.or.kr)

State of Utah Korea Office

Tel: 82-2-6000-3991

Fax: 82-2-2205-3388

E-mail: [hskim@impex.or.kr](mailto:hskim@impex.or.kr)

Website: [www.utah.gov](http://www.utah.gov)

Virginia Port Korea Office

Tel: 82-2-739-6248

Fax: 82-2-739-6538

E-mail: [slee@vit.org](mailto:slee@vit.org)

Website: [www.vit.org](http://www.vit.org)

State of Wisconsin Korea Office

Tel: 82-2-785-7306

Fax: 82-2-786-7704

E-mail: [tkim@kbsinc.co.kr](mailto:tkim@kbsinc.co.kr)

Website: <http://inwisconsin.com>

**APPENDIX. KEY SOCIO-ECONOMIC INFORMATION OF KOREA**

Item	Description
Location	Eastern Asia, southern half of the Korean Peninsula bordering the East Sea (Sea of Japan) and the Yellow Sea
Geographic coordinates	37 00 N, 127 30 E
Area	Total: 99,720 sq km - Country comparison to the world: 109th (slightly larger than State of Indiana) Land: 96,920 sq km Water: 2,800 sq km
Coastline	2,413 km
Climate	Temperate, with rainfall heavier in summer than winter
Terrain	Mostly hills and mountains; wide coastal plains in west and south
Natural resources	Coal, tungsten, graphite, molybdenum, lead, hydropower potential
Land use	Arable land: 14.93% Permanent crops: 2.06% Other: 83% (2011)
Natural hazards	Occasional typhoons bring high winds and floods; low-level seismic activity common in southwest Volcanism: Halla (elev. 1,950 m) is considered historically active although it has not erupted in many centuries
Ethnic groups	Homogeneous (except for about 20,000 Chinese)
Religions	Christian 31.6% (Protestant 24%, Roman Catholic 7.6%), Buddhist 24.2%, other or unknown 0.9%, none 43.3% (2010 survey)
Languages	Korean, English (widely taught in junior high and high school)

Population	49,115,196 (July 2015 est.) - country comparison to the world: 28th
Age structure	0-14 years: 13.7%
	15-64 years: 73.3%
	65 years and over: 13.0% (2015 est.)
Population growth	0.14% (2015 est.) - comparison to the world: 220th
Urbanization	Urban population: 82.5% of total population (2015 est.)
Major Urban Areas	SEOUL (capital) 9.774 million; Busan 3.216 million; Incheon 2.685 million; Daegu 2.244 million; Daejeon 1.564 million; Gwangju 1.536 million (2015)
Life expectancy at birth	Total population: 80.0 years
	Country comparison to the world: 39th
Literacy	Definition: age 15 and over can read and write
	Total population: 97.9% (2002)
Capital	Name: Seoul
	Geographic coordinates: 37 33 N, 126 59 E
	Time difference: UTC+9 (14 hours ahead of Washington, DC during Standard Time)
Administrative divisions	9 provinces (do, singular and plural) and 7 metropolitan cities (gwangyoksi, singular and plural)
	Provinces: Chungcheong-bukto (North Chungcheong), Chungcheong-namdo (South Chungcheong), Gangwon, Gyeonggi, Gyeongsang-bukto (North Gyeongsang), Gyeongsang-namdo (South Gyeongsang), Jeju, Jeolla-bukto (North Jeolla), Jeolla-namdo (South Jeolla)
	Metropolitan cities: Busan (Pusan), Daegu (Taegu), Daejeon (Taejeon), Gwangju (Kwangju), Incheon (Inch'on), Seoul, Ulsan
Independence	15 August 1945 (from Japan)
Legal system	Mixed legal system combining European civil law, Anglo-American law, and Chinese classical thought
	Elections: president elected by popular vote for a single five-year term; election last held in December 2012; prime minister appointed by president with consent of National Assembly
International organization participation	ADB, AfDB (nonregional member), APEC, ARF, ASEAN (dialogue partner), Australia Group, BIS, CD, CICA, CP, EAS, EBRD, FAO, FATF, G-20, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), LAIA (observer), MIGA, MINURSO, NEA, NSG, OAS (observer), OECD, OPCW, OSCE (partner), Pacific Alliance (observer), Paris Club (associate), PCA, PIF (partner), SAARC (observer), SICA (observer), UN, UN Security Council (temporary), UNAMID, UNCTAD, UNESCO, UNHCR, UNIDO, UNIFIL, UNISFA, UNMIL, UNMISS, UNMOGIP, UNOCI, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO, ZC
GPD (purchasing power parity)	\$1.78 trillion (2014 est.) Country comparison to the world: 14th

GDP (official exchange rate)	\$1.41 trillion (2014 est.)
GDP composition by sector	Agriculture: 2.3%
	Industry: 38.2%
	Services: 59.4% (2014 est.)
Labor force	26.5 million (2014 est.)
Unemployment	3.5% (2014 est.)
Household income or consumption by	Lowest 10%: 6.8%
	Highest 10%: 37.8% (2014/Q4)
Distribution of family income - Gini index	30.2 (2013 est.)
	Country comparison to the world: 120 <sup>th</sup>
Inflation rate	1.3% (2014 est.)
Commercial bank prime lending rate	2.0% (31 December 2014)
Agriculture - products	Rice, root crops, barley, vegetables, fruit; cattle, pigs, chickens, milk, eggs; fish
Industries	Electronics, telecommunications, automobile production, chemicals, shipbuilding, steel
Current account balance	\$89.2 billion (2014 est.)
Exports	\$572.7 billion (2014 est.)
Exports - commodities	semiconductors, wireless telecommunications equipment, motor vehicles, auto parts, computers, display, home appliances, wire telecommunication equipment, steel, ships, petrochemicals
Exports -partners	China 25.4%, US 12.3%, Japan 5.6%, Hong Kong 4.8%, Singapore 4.2% (2014 est.)
Imports	\$528.6 billion (2014 est.)
Imports - commodities	Machinery, electronics and electronic equipment, oil, steel, transport equipment, organic chemicals, plastics
Imports - partners	China 17.1%, Japan 10.2%, US 8.7%, Saudi Arabia 7%, Qatar 4.9%, Germany 4.1% (2014 est.)
Exchange rate: South Korean won (KRW) per US dollar	1,052.9 (2014 est.)
	1,107.3 (2013 est.)
	1,126.47 (2012 est.)
	1,108.3 (2011 est.)
	1,153.77 (2010 est.)
	1,276.93 (2009)

Source: The CIA World Factbook ([www.cia.gov](http://www.cia.gov))

