



## FAS/Seoul Monitoring of Media Reporting on Agricultural Issues

Today's Date: **Thursday, January 31, 2019**

For Coverage: **January 1 ~ 31, 2019**

### ***Korea's Soju Exports to Recover \$100 Million Soon***

<http://news.hankyung.com/article/2019013085901>

Summary: Korea's exports of soju (traditional local liquor) amounted to \$97.6 million in 2018, up 3 percent from the previous year. Japan was the leading export market accounting for \$49 million, followed by the U.S. (\$13 million) and China (\$10 million). Marketers point out that Korea's soju exports, which saw steady growth for three years in a row, is likely to recover \$100 million level in 2019. Korea's soju exports experienced a sharp decline after hitting record high \$130 million in 2004 due to decreased demand from Japan. South Asian markets are likely to lead to new export demand for Korean soju in the coming years.

### ***ROK Confirms FMD Outbreak in Two Farms in Ansong***

<http://hei.hankyung.com/hub01/2019013062291>

Summary: The Korean government confirmed a Foot-and-Mouth Disease (FMD) outbreak on a dairy cattle farm in Ansong city (about 60 miles from Seoul) on January 28. The next day, Korean government confirmed a FMD outbreak on another cattle farm in Ansong city. The Korean government has launched emergency measures, including immediate depopulation of all animals in the two infected farms and vaccination of all cattle and swine on 89 farms within a 3 kilometer radius from the two infected farms by January 29. Additionally, the Korean government will vaccinate 1.4 million animals on all cattle farms in 6 adjacent cities and counties by January 30.

### ***Korean Government Planning to Introduce PLS of Residual Materials in Livestock & Marine Products in addition to Ag. Products***

<http://www.foodnews.co.kr/news/articleView.html?idxno=69028>

Summary: The Korean government will set standards and specifications for 'meal kits' packed with raw materials and sauces, and also implement the mandatory use of a foreign material eliminator when manufacturing powdered products such as red pepper powder and noni powder. Since this year, the positive list system (PLS) has been fully introduced to agricultural products, and this system will be expanded for livestock products and aquatic products. KFDA also plans to improve safety management standards to support the commercialization of additives using new technologies such as biotechnology.

### ***South Korean Per-Capita Gross National Income Exceeds \$30,000 in 2018 for the First Time***

<http://news.hankyung.com/article/2019012204311>

Summary: the Bank of Korea (BOK) reported that South Korea's gross domestic production (GDP) totaled \$1.63 trillion in 2018. As a result, per-capita gross national income of Koreans amounted to \$31,580. BOK pointed out that South Korea had become the seventh country in the world among countries with over 50 million population that achieved \$30,000 or higher per-capita gross national income.

### ***CJ Celebrates \$3.6 Billion of Accumulated Sales for SPAM in Korea***

<http://news.hankyung.com/article/2019012203611>

Summary: CJ Cheiljedang, the leading food processor in Korea, reported that accumulated sales of its SPAM canned ham in Korea had reached 4 trillion won (\$3.6 billion USD) as of January 22, 2019. CJ started to process and market SPAM canned ham in Korea from 1987 under a licensing partnership with Hormel USA. The number of SPAM cans made and sold by CJ in Korea totaled 1.2 billion. CJ pointed out that only four processed food brands, including SPAM, had ever reached 4 trillion won of accumulated sales in Korea so far. According to CJ, 60 percent

of SPAM sales is generated during local holiday seasons because SPAM is one of the popular gift items in Korea.

***Export of Kimchi recorded 110 billion KRW recording the highest in 12 years***

[http://news.khan.co.kr/kh\\_news/khan\\_art\\_view.html?art\\_id=201901162059025](http://news.khan.co.kr/kh_news/khan_art_view.html?art_id=201901162059025)

MAFRA announced on January 16 that exports of kimchi in 2018 recorded \$97.5 million (110 billion KRW), up 20% from \$81.4 million in 2017. This is a record high ever since the Korean government started collecting kimchi export data. Japan was the number one export market (\$56 million), followed by the U.S. (\$9 million), Taiwan (\$5 million), Hong Kong (\$4.5 million), Australia (\$3 million). The health benefits of kimchi are being widely spread across world. This is regarded as the major reason for the increase in exports. In January 2018, the Guardian announced kimchi as one of the top 5 healthy food products, along with lentils, natto, olive oil and yogurt, which went viral.

***New types of holiday gift sets for single member households are emerging in the market***

[http://news.khan.co.kr/kh\\_news/khan\\_art\\_view.html?art\\_id=201901202053025](http://news.khan.co.kr/kh_news/khan_art_view.html?art_id=201901202053025)

Retail stores and food product manufacturers are launching new types of holiday gift sets targeting single member households. As single member households tend to consume convenient meal kits while using online streaming services, CJ Cheiljedang launched the 'Hetbahn tving Set.' The gift set consists of a 1-month subscription card to the online streaming service 'tving' and CJ's HMR product 'Hetbahn Cupbahn.' Moreover, retailers are launching practical and small packaged gift sets such as Seasoning Steak Set (1.44kg), Iberico Set (1.12kg), and miniature or half bottles of whisky and wine. An industry expert commented that the holiday gift set trend is changing as consumer demands are shifting. Nowadays, the gift set products are diversified according to each retailer's marketing strategies and social trends.

***'52 Hours Per Week' System Brings Significant Changes to Convenience Store Industry***

<http://news.hankyung.com/article/2019011759321>

Summary: The Korean government implemented a '52 hours per week' system in July 2018 which limits the number of official working hours for employees in private businesses. As a result, many Korean workers who used to spend lengthy hours in their jobs have seen their working hours reduced significantly and they are now leaving their offices for home early. Retail stores have reported that their operation and sales patterns have changed significantly since the 52 hours per week system. GS25, the leading convenience store chain in Korea, reported that the peak time for their stores has moved up from 6-8 p.m. to 5-7 p.m. now as people are coming back home early. GS25 also pointed out that its beer sales has increased 20 percent while whiskey sales declined 3 percent as people are reducing drinking out and increasing home drinking over dinner.

***Korea's Exports of Fresh Agricultural Products Set a Record High, \$1.28 Billion in 2018 ... Total Ag-Food Exports Amounted to \$6.93 Billion***

<https://www.yna.co.kr/view/AKR20190117046200030?input=1195m>

Summary: Korea's Ministry of Agriculture, Food and Rural Affairs (MAFRA) reported that Korea's exports of fresh agricultural products set a record high, \$1.28 billion in 2018, up 16.6 percent from the previous year. Korea's exports of overall food and agricultural products also continued to grow for three years in a row to mark \$6.93 billion in 2018. MAFRA pointed out that fresh agricultural products led the growth of Korea's overall food and agricultural exports in 2018. Pear exports grew 21.3 percent to \$80 million due to strong demand in the U.S. and Vietnam. Grape exports grew 61.3 percent to \$14 million due to strong demand in China. Poultry meat exports recovered from avian influenza outbreak and rebounded 184 percent to \$48 million. Other key fresh agricultural products that generated strong export growth included: strawberries (up 9 percent to \$48 million); tomatoes (up 21 percent to \$17 million); and ginseng (up 19 percent to \$188 million).

***KITA Publishes a Case Study on Trade Issues between Korea and USA***

<https://www.kita.net/cmmrcInfo/cmmrcNews/cmmrcNews/cmmrcNewsDetail.do?pageIndex=1&nIndex=51344&Siteid=>

Summary: The Korea International Trade Association (KITA) announced on the 15th that it has published a "Case Study on Trade Issues between Korea and the US" to help Korean companies cope with protectionism from the United States. The casebook details the history of the US trade protectionism and the trends in import regulation that have changed since the Trump administration began. In particular, it noted that the US import regulation type and target items were diversified and the regulation level was strengthened. The casebook is an in-depth analysis of seven representative import regulatory cases: the Section 232 of Trade Expansion Act based on US national

security threats, the new anti-dumping investigation techniques, and the damage caused to Korean companies by the US-China trade conflicts, etc. The casebook will be distributed free of charge and will also be published on the KITA homepage.

#### ***Pulmuone USA Generated \$88 Million of Tofu Sales in 2018***

<http://news.hankyung.com/article/2019011395941>

Summary: Pulmuone, a leading food processor in Korea, reported that its subsidiary Pulmuone USA generated \$88 million of tofu sales in the U.S. in 2018, up 11 percent from the year before. Pulmuone entered the U.S. tofu market in 2016 by acquiring Nasoya tofu company. Pulmuone pointed out that its strong R&D efforts that launched diversified and value-added tofu products targeting the on-going healthy diet trend among American consumers were the key factor behind the outstanding performance of Pulmuone USA. New products recently launched by Pulmuone USA included high protein tofu, super firm texture tofu, tofu toppings, tofu burger patties, and long shelf-life tofu.

#### ***Hyundai Department Store Apgujeong Attracts Wine Lovers by Launching Wine Works***

<http://www.fnnews.com/news/201901121540246902>

Summary: Hyundai Department Store (HDS) reported that its flagship store in Apgujeong, Seoul will open a Wine Works store on January 14. According to HDS, Wine Works is a new format store that offers a holistic wine experience to consumers by bringing a deep-selection wine shop, wine restaurant, wine bar, and wine culture center together under one single space.



#### ***Nongshim to build second noodle factory in the United States***

<http://news.hankyung.com/article/2019011029761>

Summary: Nongshim announced that it is seeking land to build a 2nd instant noodle factory near the Washington, D.C., area. Once it secures the land, it plans to begin construction work within the year. Nongshim already has one plant operating in California, near LA. The LA plant was built in 2005. However, as the production at the LA plant could not meet the demand within North America, it has decided to build a second factory. The total amount of investment to be made is around US\$100 million. Total sales by Nongshim America has jumped from US\$156 million in 2015 to US\$225 million in 2018.

#### ***CU Partners with Yogiyo to Offer On-line Order & Home Delivery within 30 Minutes***

<http://news.hankyung.com/article/2019011028821>

Summary: CU, the leading convenient store chain in Korea that has over 8,000 stores, announced on January 10 that it had developed a partnership with Yogiyo, the second largest third-party quick delivery service company in Korea, which will allow consumers to order on-line all CU products (except for cigarette and alcohol beverages) for home delivery on Yogiyo smart phone application. CU pointed out that its inventory data in each store was going to be shared with Yogiyo real-time under the partnership. Yogiyo's quick delivery network throughout the country will bring CU products, including take-out prepared meals, to consumers within 30 minutes after ordered on-line, CU added.

#### ***Lotte Department Store Launches Scheduled Home Delivery Service for Side Dishes***

<http://news.hankyung.com/article/2019011028801>

Summary: Lotte Department Store, the leading department store company in Korea, announced that its over 200 side dishes were going to be made available for on-line subscription order from January 11. According to Lotte, the service is offered only for periodic subscription order in that a set of side dishes is delivered to registered

member consumers at a pre-scheduled interval. Consumers can adjust details of the side dish subscription after the first, trial delivery, such as volume, delivery interval, saltiness and favoring ingredients. Lotte pointed out that busy and small size families will be the perfect consumers of the service.

#### ***CJ Bibigo Dumpling Generates More Sales in Foreign Markets Than in Korea for the First Time***

<http://news.hankyung.com/article/2019010985701>

Summary: CJ, the leading food processor in Korea, reported that its Bibigo dumpling generated \$340 million of sales in foreign markets, which exceeded its domestic sales, \$290 million, for the first time in 2018. CJ has made a significant investment to expand Bibigo dumpling sales in foreign markets. In particular, CJ has established processing facilities in key markets, the U.S., China, and Vietnam. For example, CJ has three Bibigo dumpling processing facilities in the U.S. currently (California, New York, and New Jersey). CJ targets to double up its global sales by 2020.

#### ***Consumers Welcome Small Volume Beer***

<http://news.hankyung.com/article/2019010701141>

Summary: Hite-Jinro, a leading beer supplier in Korea, launched 135 milliliter volume Kirin Ichiban Mini-can beer on January 7. Other leading beer suppliers have also introduced small volume beer products recently. Sales of these small volume beer products are enjoying a solid growth due to expansion of small size families and on-going economic slowdown. Marketers point out that the trend of small volume beer products was something popular in Japan back in 1990s' when the Japanese economy was under recession.

#### ***CJ CheilJedang Opens Global Industry & Market Analysis Room (aka Global MI Room) to Analyze Global Raw Material Market***

<http://www.foodnews.co.kr/news/articleView.html?idxno=68861>

Summary: CJ CheilJedang has recently created a dedicated facility to identify and analyze the real time global market conditions of raw materials such as raw sugar and grain commodities. At the opening ceremony, Kang Shin-ho, President of the company said, "In order for CJ CheilJedang to become the world's best food and bio company, it is essential to have the highest level of purchasing competitiveness and I expect through this Global MI Room, we will be equipped with market analysis and purchasing competitiveness". As of last year, CJ CheilJedang's total purchases amounted to KRW 4 trillion, and the Global MI Room was prepared to respond more effectively to the rapidly changing international commodity market.

#### ***High Quality Beef Does not Necessarily Mean Great Marbling-The Korean Government to Change Its Local Grading System***

<http://www.foodnews.co.kr/news/articleView.html?idxno=68866>

Summary: Beef grading standards will be implemented on December 1 to relax the marbling standards of beef and to improve the distinction by weight grading. The Ministry of Agriculture, Food & Rural Affairs (MAFRA) announced that the revised Livestock Breeding Act enforcement regulations and livestock product classification criteria including the improvement of beef grading criteria have been promulgated on December 27, 2018. The new regulation will go into effect on December 1, 2019 with an 11-month grace period. Egg quality grades will also be simplified from the current four grades (1+, 1, 2 and 3 grades) to three grades (1+, 1 and 2 grades) and horse meat has been added to graded livestock products.

#### ***Retailers Launch Extreme Low Price Promotions Reflecting Economic Slowdown***

<http://news.donga.com/3/all/20190103/93550527/1>

Summary: Leading Korean grocery retailers and restaurant chains have launched many sales promotions in January under the theme of 'extreme low price'. Marketers explain that the low price promotions reflect increased consumer concerns about an on-going economic slowdown. For example, EMART has offered fresh abalone at 990 won each (about \$0.8 dollar) during the first week in January. EMART is scheduling a series of extreme low price promotions on key agricultural products each week through the year. Orion has announced that its 'Market O Granular' cereal packs will contain 10 percent more product without a price increase. CJ VIPs family restaurant chain has introduced an extreme low price salad bar promotion in January.

#### ***\$10 Level Bottles Lead Wine Sales in Convenience Stores***

<http://news.hankyung.com/article/2019010396701>

Summary: GS25, a leading convenience store chain in Korea, reported that its private label brand 'Nature Sound Shiraz' wine imported from Australia achieved 100,000 bottle sales during the first 100 days since launching at the end of last year. GS25 pointed out that success of the wine indicated that consumers were looking for value wine particularly around \$10 (Nature Sound was offered at 10,000 won each, about \$9). According to GS25, bottles between \$9 and \$18 accounted for 46.7 percent of its total wine sales in 2018. Bottles under \$9 accounted for 19.6 percent of its wine sales.

***On-line Shopping Industry Generates 10.6 Trillion Won of Sales in November 2018, Accounting for 20.5% of Overall Retail Industry Sales***

<http://news.donga.com/3/all/20190102/93535341/1>

Summary: According to 'On-line Shopping Industry Statistics' released by the Korea Statistics Office on January 2, cash-register sales of the on-line shopping industry in Korea amounted to 10.6 trillion won (about \$9.2 billion) in November 2018, up 22.1 percent from the same month in the previous year. Accumulated sales of the industry in 2018 through November totaled 101.2 trillion won. Goods accounted for 78.6 percent of the industry sales and services accounted for the remaining 21.4 percent. On-line shopping accounted for 20.5 percent of overall retail industry sales--62.1 percent of on-line shopping were for purchases of mobile gears, up 2.9 percent point from the previous year. The food service category showed the fastest sales growth (70.9 percent) in on-line shopping, followed by food and beverages (32.3 percent), electronics & IT products (29.9 percent), and tourism & transportation service (22.7 percent).

***Yoghurt-flavored soju: Lotte Liquor looks to stand out from the pack with its first non-fruit variant***

[https://www.foodnavigator-asia.com/Article/2018/12/19/Yoghurt-flavoured-soju-Lotte-Liquor-looks-to-stand-out-from-the-pack-with-its-first-non-fruit-variant?utm\\_source=EditorsSpotlight&utm\\_medium=email&utm\\_campaign=2019-01-03&c=XOeuzZOAEAL7RaSvXRlg3TAzWX%2BFMmgv](https://www.foodnavigator-asia.com/Article/2018/12/19/Yoghurt-flavoured-soju-Lotte-Liquor-looks-to-stand-out-from-the-pack-with-its-first-non-fruit-variant?utm_source=EditorsSpotlight&utm_medium=email&utm_campaign=2019-01-03&c=XOeuzZOAEAL7RaSvXRlg3TAzWX%2BFMmgv)

South Korean beverage firm Lotte Liquor has introduced a new yoghurt-flavored soju to the Australian market, its first non-fruit variant overseas.

***Free Vinyl Bags are Banned in Grocery Stores and Bakery Shops on January 1, 2019***

<http://news.donga.com/3/all/20190102/93519329/1>

Summary: The revised Recycling Act has taken effect on January 1, 2019, which bans free vinyl bags (that are 165 sq. meter or larger) provided in grocery stores and bakery shops. However, it is reported that the government monitoring has identified violations in many stores as both the stores and shoppers lacked clear understanding about the revised rule.

***Coupang Expands 'Rocket Delivery Service' ... No Minimum Purchase Requirement ... Within Half Day Delivery***

<http://news.hankyung.com/article/2019010114751>

Summary: Coupang, a major on-line shopping mall in Korea, announced that its 'rocket delivery service' is now offered to any purchases regardless of the purchase amount. Rocket delivery service is a free shipping service that delivers products within a day. Before, the service was offered only to purchases of 19,800 won (about \$18) or higher. Now, the service is applied to any purchases regardless of purchase amount. Delivery time is also shortened to within half a day. Coupang has received \$2 billion of investment from Softbank Japan recently, which allowed it to strengthen its delivery capacity with more warehouses and delivery crews. Coupang has been direct hiring all the delivery crews for better customer service whereas competitors in general rely on third-party delivery service companies.

The information in this report was compiled by the [Agricultural Trade Office \(ATO\)](#) at the U.S. Embassy in Seoul, South Korea. The press summaries contained herein do NOT reflect USDA, the U.S. Embassy, or other U.S. government agency official policy or view point. U.S. food exporters can learn more about market opportunities in South Korea by reviewing ATO Seoul's [Exporter Guide](#) and other reports available at [www.fas.usda.gov](http://www.fas.usda.gov) by clicking on "attaché reports."