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ROKG to Allow Food Processors in Duty-free Free Trade Zones to Promote Exports

<https://www.hankyung.com/economy/article/2019102491431>

Summary: The Korean government decided on October 24 to revise its regulation for 'Free Trade Zone Management' to allow food processing facilities for exports. There are several free trade zones developed in or near major ports in South Korea where companies are not subject to local import duty requirements for exports or transshipment business. However, government regulations currently do not allow food processors in free trade zones. According to a recent government survey, several Korean food processors for livestock products, coffee, and dairy products have expressed strong interest in establishing facilities in free trade zones for exports if allowed.

Starbucks Korea Adopts Environment-friendly Packaging Film Made from Corn

<https://www.hankyung.com/economy/article/2019102490341>

Summary: SKC, a leading chemical processor in Korea, announced on October 24 that it signed a contract with Starbucks Korea to supply environment-friendly packaging film processed from corn. The material can be used for various products such as sandwich wraps and muffin pouches. SKC pointed out that the material dissolves completely in soil without leaving compounds that pose a health risk.

Dongwon Launches 'Aseptic' (low temperature sterilization) Beverage Business ... Demand for Higher Quality Beverages on a Rise in Korea

<https://www.hankyung.com/economy/article/2019102360361>

Summary: Dongwon Group, a leading food and beverage processor in South Korea, reported that its new 'Aseptic' beverage processing facility started operation on October 23. The facility has an annual production capacity of 170 million bottles. Aseptic facility sterilizes beverages at 88-92 degrees Celsius and bottles at 20-25 degrees Celsius, much lower than conventional facilities (120 degrees Celsius for sterilization and 90 degrees Celsius for bottling). The company says the new process better preserves the beverages flavor and nutrition. According to Dongwon, consumers are demanding higher quality beverages. Aseptic products now account for 16 percent of its sales growth each year compared to 5% growth for conventional products. Aseptic products have already grown rapidly in advanced markets such as Japan and currently account for almost half of beverage market sales. Dongwon aims to generate 200 billion won in sales (about \$180 million) from its aseptic beverage business by 2026.

ROKG May Declare 'Graduation from Developed Country Status' to WTO on October 25 ... Local Agricultural Sector Demands \$8.5 Billion Compensation for Potential Loss

<http://www.donga.com/news/article/all/20191022/98001648/1>

Summary: South Korean government officials and policy makers are reportedly in a discussion to come up with a final decision on shifting South Korea's status in the World Trade Organization (WTO) from 'Developing Country' to 'Developed Country'. The issue surfaced after U.S. president Trump singled out South Korea earlier this year as an example of unfair trade mechanisms under the WTO. Shifting to developed country status will pressure the South Korean government to reduce subsidies to the local agricultural sector as well as lower tariff and quota barriers for

imported agricultural products. Although government officials and policy makers believe the shift will have a limited impact on the local economy and agriculture, local agricultural sector representatives have expressed serious concerns. Local agricultural sector representatives have demanded financial support from the government to cope with negative impacts expected from the shift. For example, the Union of Korean Agro-Livestock Associations demands that the government budget for agriculture should be increased to 5 percent of the total annual government spending. This means an increase of 10 trillion won (\$8.5 billion) in government spending on agriculture, totaling 25 trillion won for 2020.

Japan's Food Exports to South Korea Decline 62 Percent in September as a Result of Trade Dispute

<http://www.donga.com/news/article/all/20191022/98001658/1>

Summary: Strong anti-Japan sentiment among the Korean consumers, which started July this year after Japan's trade retaliations against South Korea, has led to a significant decline in imports of consumer goods from Japan, including food and beverage products. Korea's imports of Japanese foods declined 62 percent in September compared to the same period in the previous year. Products affected most include beer, snacks, and confectioneries. In particular, imports of Japanese beer declined 99.9 percent in September (from \$67 million down to a mere \$6,000). **Post comment: Post has not sought to capitalize on these trade tensions as both Japan and Korea are close U.S. partners. However, some U.S. exports have increased as a result; U.S. beer exports to South Korea saw 33.1 percent growth during Jan-Aug 2019 (BICO).**

Swine Farmers Protest as the Government Prohibits Feeding Food Waste

<https://www.hankyung.com/society/article/2019102199661>

Summary: Representatives of local swine farmers staged a violent protest in front of the government office complex in Sejong city on October 21 after the Ministry of Agriculture, Food and Rural Affairs (MAFRA) introduced a new regulation that prohibited supplying food waste to swine farms in an effort to prevent further spread of African Swine Fever (ASF). The farmers claim that the government measures are too strict and the local swine farms will go out of business unless the government provides financial support in return.



ROK Monitoring Finds High-Pathogen Avian Influenza Virus in Migrating Birds

<http://www.donga.com/news/article/all/20191021/97983897/1>

Summary: The Korea Ministry of Environment reported on October 20 that its routine monitoring program in nesting areas for migrating birds detected H5 type high-pathogen avian influenza (AI) virus in Asan-si, Chungnam province. The Ministry of Agriculture, Food and Rural Affairs (MAFRA) has initiated a preventive quarantine program in the area.

Convenience Store Industry May See an Increase of 1,900 Stores This Year

<https://www.hankyung.com/economy/article/2019101850201>

Summary: The number of stores under the top three convenience store franchises in Korea (CU, GS25, and Seven-Eleven) has increased by 1,300 through September this year. The top three franchises are likely to open additional 600 stores during the remainder of the year, pushing the total number of stores under these companies to over 40,000 by the end of the year. The key driving force behind the expansion is increased consumer traffic and spending in convenience stores. While on-line shopping continues to grow at the expense of large hypermarket stores and department stores, convenience stores are generating additional sales as consumer demand for quick, conventional shopping venues within walking distance continues to grow. Convenience stores are also offering more products and services to attract consumers. In particular, convenience stores now offer more Home Meal Replacement (HMR) take-out foods, coffee, and non-food services such as banking and postal service.

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 by clicking on "attaché reports."