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Consumers' Elevated Concerns over Corona Virus Spread Generate Strong Sales for Emergency Foods

<http://www.donga.com/news/article/all/20200224/99838103/1>

Summary: The number of people in South Korea infected with Corona 19 virus has surged since February 18 after a cult church gathering in Daegu city caused a large number of new infections nationwide. The number of people infected increased from 31 on February 18 to 618 on February 23. The number of deaths from the infection increased to 6. As a result of elevated concerns, some consumers are reportedly buying up emergency food supplies in case there are food shortages. Retailers have reported strong sales growth for related products, including bottled water, instant noodles, rice, and air masks. For example, EMART, the leading hypermarket retail chain, reported that its stores in Daegu city saw 123 percent, 105 percent, and 62 percent sales growth in sales of rice, instant noodles, and bottled water respectively over February 19-20 compared to the same period last year. Many consumers are also opting for on-line delivery orders while reducing store visits. For example, SSG.com, a leading on-line grocery store, reported that its grocery food sales saw a 98 percent growth from January 20 - February 20.



Price of Agricultural Products Jumps due to Reduced Imports from China

<https://www.hankyung.com/economy/article/202002214566j>

Summary: According to the Korea Agro-Fishery Marketing Corporation (aT), the price of red chilies in the wholesale market increased 31 percent during February 12 and 20 as supply of imported chilies from China was reduced due to the Corona virus outbreak. Korea's imports of agricultural products from China declined 67 percent in January 2020 to 101,052 metric tons compared to the same period last year. Other fresh agricultural products that saw a significant price increase due to reduced supply from China included carrots (28 percent); spinach (17 percent); and cabbages (6 percent). Prepared kimchi also saw a 20 percent price increase as Korea relied heavily on imports from China. Korean retailers and restaurants are worried as it will take significant time for Chinese distributors and processors to resume normal operation.

ROKG Decides to Provide Emergency Support to Restaurants Effected by COVID 19

<http://www.foodnews.co.kr/news/articleView.html?idxno=72908>

Summary: Korean government plans offer assistance to restaurants suffering from a decline in customers since the COVID 19 outbreak. The Ministry of Agriculture, Food and Rural Affairs (MAFRA) organized a task force team to check related trends and industry difficulties in the agri-food sector. The Team will use industry recommendations received at field meetings between government and private sector groups to prepare countermeasures. The measures will focus on the stability of restaurants, boosting consumers' dining out, and addressing industry difficulties.

Mandatory Livestock Product Traceability Labeling Helps Consumers Make Informed Choices

<http://www.donga.com/news/article/all/20200218/99767840/1>

Summary: Korea Institute for Animal Products Quality Evaluation (KIAQE) reported on February 18 that consumers used its on-line livestock product traceability system 57 million times in 2019, up 24 percent from the previous year. KIAQE said that consumers' increased health concerns were responsible for the rapid growth. KIAQE's traceability system allows consumers to obtain detailed information about meat products sold in retail stores, including the farm of origin, distribution history, and health certificates simply by scanning the traceability bar code mandated on the package. Mandatory traceability labeling was introduced in 2008 on local beef, and was expanded to imported beef (2020), local pork (2014), imported pork (2018), and local chicken, duck, and eggs (2020).

On-line Retailers Report Strong Sales Growth as Consumers Choose Home Delivery Due to Fear of Corona Virus

<https://www.hankyung.com/economy/article/2020021852251>

Summary: Market Curly, a leading fresh grocery food on-line retailer, reported on February 18 that its daily sales of food products almost doubled in February as consumers opted for home-delivery orders while reducing trips to stores out of concern of the corona virus COVID-19. Other on-line retailers have also reported strong sales growths. In contrast, Lotte Mart, a leading hypermarket grocery store retailer, reported that sales and store visitors declined by 13 percent and 16 percent respectively during the last 30 days. However, Lotte Mart pointed out that food sales increased during that period as consumers ate at home instead of dining out. Sales of pork meat increased 24 percent, cabbages increased 55 percent, carrots 34 percent, and onions 19 percent. EMART, another hypermarket grocery store retailer, also reported strong growth in food sales. EMART reported 17 percent growth in health functional food sales during the last 30 days.

CJ Cheil Jedang's Food Sales Increased by 8 Trillion Korean Won (\$6.7 Billion) from Last Year

www.foodnews.co.kr/news/articleView.html?idxno=72877

Summary: CJ Cheil Jedang's food sales in 2019 increased by 52 percent, KRW 8 trillion (about \$6.7 Billion), from the previous year. On February 12th, CJ Cheil Jedang announced that sales increased by 19.7% in 2019 to KRW 22.3 trillion and operating profit increased by 7.7% to KRW 8,969 billion. This is the first time that its annual sales have exceeded 20 trillion won. The food business posted sales of KRW 8,105 billion, up 51.9%. Schwans' earnings were included in the 2nd quarter; sales of major food products increased in both domestic and overseas markets. Global sales of processed food products reached KRW 3.15 trillion, more than four times higher than the previous year.

Lotte Shopping Co. to Close Down 200 Stores ... New Strategy to Cope with Rapid Growth of On-line Retailing

<http://www.donga.com/news/article/all/20200213/99683780/1>

Summary: Lotte Shopping Co., a leading retail company in Korea that operates Lotte Department Store, Lotte Mart, Lotte Super, and Lotte LOHBS, announced on February 13 that its new strategy would close down 200 out of its 700 stores. Lotte Shopping's sales and operating profits marked another decline in 2019 (17.6 trillion won and 420 billion won respectively, down 1 percent and 29 percent from the previous year). Lotte pointed out that the existing business model was no longer sustainable as the retail market environment was fast evolving with on-line retailing. Closing under-performing stores will allow Lotte to focus on new growth areas, including on-line retailing and multi-function stores.

ROKG Unveils New Farming Subsidy Program ... Offers \$1,000 per Farmer with 5,000 Sq. Meters or Smaller Farmland

<https://www.hankyung.com/economy/article/202002116960>

Summary: Korea Ministry of Agriculture, Food and Rural Affairs (MAFRA) announced its new farming subsidy program on February 11. According to the plan, the new subsidy program will provide 1.2 million won (about \$1,000) in cash payments to farmers who cultivate 5,000 sq. meters (0.5 hectare) or less from this year. MAFRA will also introduce an income ceiling so that the subsidy only goes to farmers who need financial support the most. The income ceiling is likely to be similar to the 37 million won (about \$30,000) a year income ceiling for MAFRA's rice farming subsidy program. MAFRA added that the farmers would be required to implement some public objectives in the operation, such as reduced use of agricultural chemicals, in return for receiving the government subsidy. MAFRA assumes that as many as 400,000 farmers will benefit the new subsidy program. In the past, MAFRA's farming subsidy was provided to rice farmers exclusively.

SK Chemical to Construct a Corn-based Environment-friendly Polymer Processing Facility

<https://www.yna.co.kr/view/AKR20200211064100003?input=1195m>

Summary: SK Chemical, a leading chemical processor in Korea, announced that it is building a new processing facility to produce PO3G, a corn-based environment-friendly polymer, in Ulsan, Gyeongnam province, Korea. SK Chemical said that it will become the second processor in the world to produce PO3G. PO3G is processed 100% from corn and can replace polyurethane or other chemical compounds used in many consumer products such as shoes and furniture.

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