



Foreign Agricultural Service
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FAS/Seoul Monitoring of Media Reporting on Agricultural Issues

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For Coverage: **January 17 ~ 24, 2017**

"Duck Farms in Frequent Avian Influenza Outbreak Areas will be Closed during Winter", MAFRA Minister Calls for New Measures to Prevent AI

<http://news.donga.com/3/all/20170124/82560507/1>

Summary: Mr. Jaesu Kim, the Minister of the Ministry of Agriculture, Food and Rural Affairs (MAFRA) announced on January 20 that the Korean government will introduce new measures to prevent avian influenza in the country. Minister Kim stressed that the measures will bring major changes in the entire supply chain for poultry birds from the farm to the distribution system to the packers and processing industry. For example, duck farms in risky areas will be ordered to close operation during winter months. The minimum space required per each bird in a poultry farm (currently set at 0.05 sq. meter) will be increased to secure healthy growing environment. The final set of new government regulations are scheduled to be announced in April.

One out of Five Chicken and Ducks in Korea was Depopulated due to Avian Influenza

<http://news.donga.com/3/all/20170124/82560500/1>

Summary: The number of chicken and ducks depopulated in Korea due to avian influenza outbreaks since November 16, 2016 marked 32.6 million as of January 23. The number of depopulated birds accounted for 19.8 percent of all chicken and ducks in the country. In particular, the damage was much bigger in the egg farms as 33.2 percent (or 23.2 million) of the egg laying hens in the country was depopulated. The Korean government has spent 260 billion won (about \$226 million) so far on various programs to stop the spread of the outbreaks.

Korean Government to Import Shell Eggs Directly to Further Stabilize the Market before Lunar New Year's Day

<http://www.hankyung.com/news/app/newsview.php?aid=2017012360211>

Summary: The Ministry of Agriculture, Food and Rural Affairs (MAFRA) announced on January 23 that the Korea Agro-Fishery Marketing Corporation (aT) under the ministry will import 300 metric tons of shell eggs (4.5 million eggs) from foreign countries before the coming Lunar New Year's Day season (January 27 - 30) to stabilize the egg price in the market. aT has reportedly signed the contract for the first shipment, 50 metric tons. So far, private companies have been importing shell eggs (a total of 394 metric tons have landed in Korea up to January 23). However, MAFRA's direct importation intends to further expedite the shell egg imports.

Lotte Mart Offers Imported American Shell Eggs

<http://www.hankyung.com/news/app/newsview.php?aid=2017012359041>

Summary: Lotte Mart, the third largest hypermarket grocery store chain in Korea announced that it started to offer imported American shell eggs on January 23. A pack of 30 eggs was offered at 8,490 won.



Price of Eggs Declines 2% ... Market Signals Stabilization as Imported Eggs are Introduced

<http://www.hankyung.com/news/app/newsview.php?aid=2017011970111>

Summary: According to the Korea Agro-Fishery Marketing Corporation (aT), the retail price of fresh shell eggs marked 9,357 won per a pack of 30 large size eggs on January 19, down 2 percent from the previous week. aT assumed that the egg market was finally showing a sign of stabilization as a result of various government measures introduced over the last several weeks to expand the supply, including importation of shell eggs from foreign countries. For example, 377 metric tons of imported shell eggs landed in Korea over the last week. Leading retail store chains have also announced that they were not considering any additional price increase on shell eggs in their stores at this moment.

"MFDS Has been Closing Eyes to Overstated Teeth Health Claims by Xylitol Chewing Gums ... People will Need to Chew 12 to 28 Gums a Day to See Anti-cavity Effect", Office of Inspector General

<http://news.donga.com/3/all/20170120/82481750/1>

Summary: The Office of Inspector General (OIG) announced on January 19 that its recent audit on the Ministry of Food and Drug Safety (MFDS) revealed 11 cases of violations in which the MFDS was not fulfilling its regulatory responsibility of preventing faulty or exaggerated health claims in product labels or commercial advertisements of food and functional food products in the market. One outstanding case was teeth health claims by chewing gums that incorporated Xylitol, a table sugar alternative known for anti-cavity function. The OIG pointed out that the actual amount of Xylitol contained in the products in the market was not enough to realize the health claim and a consumer would have to chew at least 12 to 28 pieces of gum a day to have the anti-cavity effect. The sales of Xylitol chewing gum products in Korea amounted to 150 billion won (about \$136 million) in 2015.

Korean Consumers Spent \$1.6 Billion in 2016 for Direct Purchases from Foreign On-line Shops

<http://news.donga.com/3/all/20170119/82481233/1>

Summary: The Korea Customs Service (KCS) reported that Korean consumers' direct purchases from on-line shops in foreign countries amounted to \$1.63 billion in 2016, up 7 percent from the previous year. KCS assumed that the significant growth of the direct consumer purchases from foreign on-line shops was largely due to the consumers' strong demand for value shopping. The U.S. was the leading origin of the direct foreign on-line buying accounting for 65 percent of the purchases. However, in terms of growth, Chinese and European on-line shops saw a much higher sales growth to Korean consumers as they enjoyed 72 percent and 49 percent sales growth respectively. KCS also pointed out that Korean consumers were focusing on different product categories per

different origins. For example, health functional foods such as vitamins, anti-oxidants and Omega-3 fatty acids were the leading product category for purchases from U.S. on-line shops, which accounted for 23 percent of the purchases from U.S. on-line shops. Electronics were the leading category for Chinese on-line shops, accounting for 23 percent of the purchases from Chinese shops. Cosmetics were the leading category for European shops, accounting for 33 percent of the purchases from European shops.

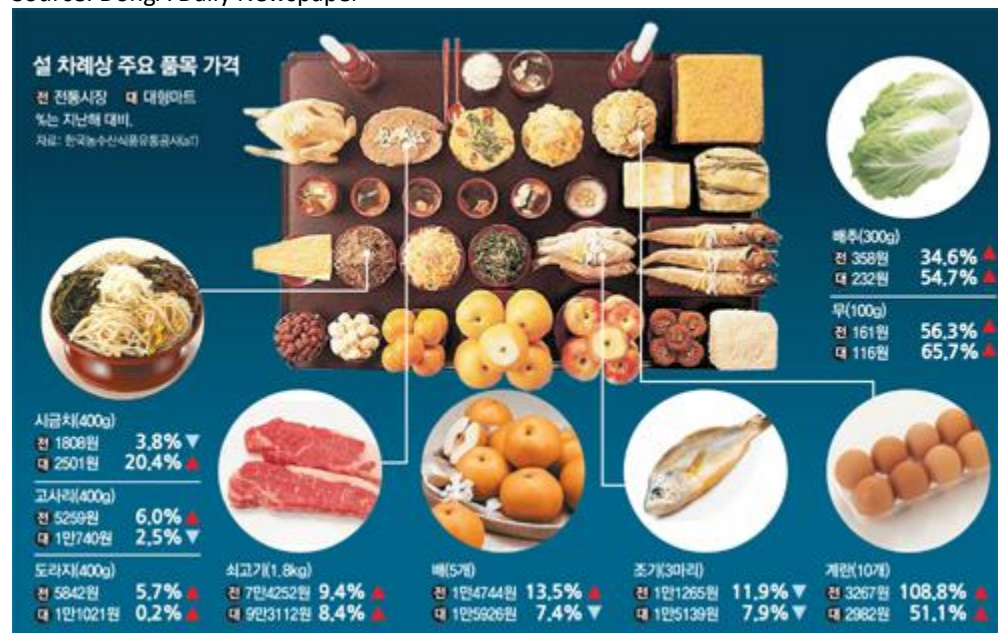
It Would Cost 250,000 Won in Traditional Market or 340,000 Won in Hypermarket Store to Purchase Food Items Needed for Lunar New Year's Day Ceremony Food Table

<http://news.donga.com/3/all/20170119/82460605/1>

Summary: According to a price survey by the Korea Agro-Fishery Marketing Corporation, it would cost 250,000 won (about \$220) in a traditional street market or 340,000 won (about \$295) in a large-scale hypermarket store on average for the Korean family to purchase food items needed to prepare the ceremony food table for the coming Lunar New Year's Day (January 28). The survey indicated that the consumers would find the price of many of the food items that they need to purchase, such as beef, cabbage, radish and eggs, much higher this year than last year.

[Picture: Retail Price of Key Food Items for Lunar New Year's Day Ceremony Food Table]

Source: DongA Daily Newspaper



Korean Pet Food Processors Focus on Premium Products

<http://www.hankyung.com/news/app/newsview.php?aid=2017011838711>

Summary: Sajo Donga One Co., a large-scale pet food processor in Korea, announced launching of its new premium organic pet food brand, O'LOVEAT, on January 18. The O'LOVEAT products are made with organic grains and specialty proteins such as flaxseed, oats, lamb meat, and salmon. CJ Cheiljedang, the leading local player in the industry, has also been expanding products under its premium pet food brand, O'Nature. Poolmoowon, another leading player in the industry, is focusing on its premium pet food brand, Amio, which incorporates all natural ingredients. Seoul Dairy Cooperative launched in January 2017 its first milk for pets, I Pet Milk. Korea Ginseng Corporation, which entered the pet food market in 2015 has been launching specialty pet food products that incorporated red ginseng. The Korean pet food processors are in a tough competition against imported brands by international suppliers. Overall cash register sales of the pet food market in Korea is estimated at 2 trillion won as of 2016 and imported brands account for 70 percent of the sales. As a result, local Korean processors are focusing on specialty, premium product segment.

"Should We Eat Nutella Or Not?" ... Food Safety Concerns Arise on 'Nutella' as an Italian Retail Chain Stops Selling the Product for Potential Health Risk [Korean, OSY]

<http://news.donga.com/3/all/20170117/82439139/1>

Summary: Korea Ministry of Food and Drug Safety (MFDS) has reportedly started a food safety assessment on 'Nutella' (imported sweet spread product) as local consumers are raising food safety concerns on the product. The key issue is the cancer causing potential of palm oil used in the product. European Food Safety Agency (EFSA) reported in May 2016 that palm oil can generate a carcinogenic compound if heated over 200 degree Celsius. After the report, a retail store chain in Italy voluntarily stopped selling the product in the store. Nutella claimed that its processing temperature does not go over 200 degree Celsius and it was planning to replace palm oil with a safe alternative. The scandal of Nutella can potentially expand to other processed products in the market as palm oil is used in many products, such as instant noodles.

The First Shipment of Australian Shell Eggs to Arrive in Korea Tomorrow ... 12 Metric Tons

<http://news.donga.com/3/all/20170117/82438828/1>

Summary: It is reported that the first shipment of Australian shell eggs is scheduled to arrive in Incheon airport, Korea on January 19. Korea and Australia reached an agreement on quarantine issues to allow the imports of Australian shell eggs earlier on January 12. As a result, the countries that are allowed to ship shell eggs to Korea have expanded to three, which are the U.S., Spain and Australia. The first shipment is 12 metric tons of brown shell eggs. According to the importer, the price of Australian eggs at the moment is higher than the U.S. eggs. But the price of U.S. eggs is on a rapid increase so Australian eggs could be more price competitive, added the importer. By the way, the Korean government has announced that it was in the process of revising the list of origins that are allowed to ship processed egg products to Korea. As a result, five EU countries (Denmark, Netherlands, Germany, Italy and Spain) will gain a temporary market access to ship processed egg products as early as from next week. As of January 17, a total of 209.4 metric tons of shell eggs and 134 metric tons of processed egg products have been imported into Korea since January 1. According to the Korean government's plan, total imports of shell eggs and processed egg products within January would amount to 1,800 metric tons and 695 metric tons respectively.

Drug Store Industry Reports Solid Growth ... Major Players Add New Stores

<http://news.donga.com/3/all/20170117/82438865/1>

Summary: Drug store retailers in Korea have made a significant investment to expand the stores and business in recent years as the demand for quick shopping for cosmetics and personal care products among the young consumer group in metropolitan areas continues to grow. For example, CJ Olive Young, the leading player in the industry has increased its stores from 417 in 2014 to 790 in 2016. The cash-register sales of CJ Olive Young amounted to 1 trillion won in 2016, up 30 percent from the previous year. GS Watson's, the second largest player in the industry, also increased the stores from 104 in 2014 to 128 in 2016. E Mart announced recently that it had signed a business partnership contract to launch Booths (the leading drug store chain in U.K.) in Korea in the first half 2017.

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."