



Foreign Agricultural Service
U.S. Agricultural Trade Office



FAS/Seoul Monitoring of Media Reporting on Agricultural Issues

Today's Date: **Wednesday, July 19, 2017**

For Coverage: **June 19 ~ July 19, 2017**

Price of Fresh Vegetables Soars due to Heavy Rain

<http://news.hankyung.com/article/201707175054g>

Summary: Price of fresh vegetables in retail stores has soared as a result of heavy rain during the last several weeks. For example, price of lettuce in Hanara Mart rose 121 percent during June from 1,350 won per 200 gram pack to 2,980 won.

Shinsegae to Open the Largest Shopping Mall in Northern Seoul Market in August

<http://news.hankyung.com/article/2017071802091>

Summary: Shinsegae reported that its Starfield shopping mall will open a new outlet in Goyang city on August 24. This in-door shopping mall will be the largest retail outlet in Northern Seoul market and will offer various retail stores and recreational facilities under 365,000 sq. meter space. The main target of the shopping mall is young families with children of 10 years of age or younger.

Imported Beer Outsells Local Beer in Lotte Mart

<http://news.donga.com/3/all/20170718/85418736/1>

Summary: Lotte Mart reported that imported beer outsold local beer in its stores for the first time by accounting for 51 percent of its beer category sales during the first half this year. Lotte Mart pointed out that the number of imported beer products it offers today is 450 from 19 different countries. Lotte Mart also reported that Japanese beer led the sales growth of its imported beer category during the first half. On the other hand, imported beer from European countries saw stagnant sales growth. As a result, Japanese beer accounted for 22.2 percent of imported beer category sales, followed by German (16.6 percent), Netherland (12.4 percent), and Belgium (10.1 percent).

Minister Young Rok KIM "No changes to thought against KORUS FTA. . .Personal opinion"

<http://www.asiae.co.kr/news/view.htm?idxno=2017071315005022984>

[Reported by Hyun Gil OH] Mr. Young Rok Kim, Minister of Agriculture, Food and Rural Affairs stated on July 13 that "There is no change to my thought that I personally oppose the KORUS FTA." The Minister made this comment during the first press conference that took place at a restaurant near Sejong city after stating that "(from long time ago) I have opposed the FTA. There are many people asking what I am going to do now since I have been appointed as the Minister." The Minister stated that "As I am now a cabinet member and the Minister so I will follow the government's policy in the big picture." He added, "The U.S. President Donald Trump has Trump's opinion and Young Rok Kim has Young Rok Kim's opinion." He added "The United States is stating that (the reason why it is asking for revisions to the FTA) is because of steel and automobiles." He explained that "We can state that there is a problem in the agricultural sector as we are purchasing ten more times of U.S. products." According to the Korea Rural Economic Institute, the amount of agricultural products imported from the United States was 7.18 billion dollars last year which was the fifth year of KORUS FTA whereas the amount exported to the United States was only 720 million dollars. In reply to the question on whether we should be aggressively explaining the trade deficit in the agricultural sector, the Minister stated that he would state what is needed as "The President

had stated after returning from his visit to the United States that if the FTA issue comes up, we should not be defensive but should state our thoughts based on clear grounds in an imposing manner.”

In addition, he explained that he is thinking about revising the limits for the anti-graft law. As for the rice price, the plan to increase the target price was to reduce the amount of direct payment and not to provide more direct payment. The rice price has to go up to a certain level in order for the farmers to accept the idea of system for adjusting the production amount. The amount of government held old stock is about 2.3 million MT. The government will not release this old stock into the market under whatever circumstances and asked the National Agricultural Cooperative Federation not to release rice that would impact the market price. As for providing rice support to North Korea, he stated, “If we think about the NK regime, we should not send rice to NK. However, if we think about the people in NK, we should send rice. “We should see what happens with the relationship between the two Koreas as well as the UN. It may be too early to discuss the rice support issue right now as NK is continuing to shoot missiles despite the world-wide denouncement.” As for personnel reshuffle within the Ministry, he stated that he would do so within this month for the positions that need to be reshuffled.

USGC Opposed to Renegotiation of KORUS FTA

<http://www.businesskorea.co.kr/english/news/industry/18666-opposition-us-usgc-opposed-renegotiation-korus-fta>

U.S. Grains Council (USGC) Chairman Chip Councell said in a recent interview that South Korea is a reliable partner for the agricultural industry of the United States and the KORUS FTA has been reciprocal for American farmers and agricultural enterprises since its beginning.

S. Korea posts huge trade deficit with U.S. on agricultural products, meats

<http://english.yonhapnews.co.kr/news/2017/07/15/0200000000AEN20170715001200315.html>

SEOUL, July 15 (Yonhap) -- South Korea posted a huge trade deficit with the United States on agricultural products and livestock last year as their price competitiveness has attracted consumers, government data showed Saturday.

Korea advised to be aggressive in FTA revision

http://m.koreatimes.co.kr/phone/news/view.jsp?req_newsidx=233012

Summary: The government is pondering its strategic options following the United States’ official demand for a revision of the U.S-Korea free trade agreement (KORUS FTA). But experts say Korea should take an aggressive stance, demanding revisions it needs, as well as defending itself. The United States Trade Representative (USTR) this week officially demanded the start of the revision process “to remove barriers to U.S. trade and consider needed amendments to the agreement.”

'FTA Bill' Presented to Korea Two Weeks after Summit Meeting ... USTR Demands Revision of KORUS FTA

<http://news.donga.com/3/all/20170714/85350025/1>

Summary: USTR reported on July 12 that it officially requested Korean government to have a special KORUS FTA joint committee meeting in Washington D.C. in August which will discuss any needs to revise the existing Korea-United States Free Trade Agreement. USTR pointed out in the letter to Korea Ministry of Industry, Trade and Resources that trade deficit of the United States from Korea had doubled since the implementation of KORUS FTA and now is the time to bring a reform to the agreement to make the bilateral trade to take place on a fair and level ground. Jaein Moon, Korean president, mentioned in a cabinet meeting on July 13 that Korean government will take an open minded approach to the issue as this will also be an opportunity for Korea to gain further access to the U.S. market.

Bank of Korea Raises GDP Growth Forecast to 2.8%

<http://news.donga.com/3/all/20170714/85350025/1>

Summary: Bank of Korea announced on July 13 that it raised its forecast for the Korean GDP growth for 2017 by 0.2 percent point to 2.8 percent. Bank of Korea pointed out that the Korean economy was likely to continue to show a solid growth pattern in the coming months.

Shinsegae Renames its Convenience Store Chain to Emart24

<http://news.donga.com/3/all/20170713/85349513/1>

Summary: Shinsegae group announced an aggressive investment plan for its convenience store business on July 13. Under the plan, the name of its convenience store chain was changed from 'With Me' to 'Emart24'. Shinsegae group currently operates 1,765 With Me stores in the market but the business has been generating increased deficit to Shinsegae due to tough competition from leading players in the industry. For example, the industry leaders CU and GS25 currently operate over 10,000 stores each. Shinsegae group plans to invest 300 million won of capital over the next 3 years to beef up the number of Emart24 stores along with radical changes in the store format and product assortment strategy.

Chicks Imported from Spain Arrive in Incheon Airport

<http://www.sedaily.com/NewsView/1OIG4KK5HX>

Summary: Korea Quarantine Office reported that a shipment of 130,000 chicks imported from Spain via air cargo arrived in Incheon international airport on July 12. The chicks will go through quarantine inspection before being released to local breeding farms. There will be two additional shipments of breeding chicks (340,000) from Spain. These chicks will help rebuild local poultry industry which lost a significant portion of birds during recent outbreaks of avian influenza.



Korean Government to Reduce Local Rice Field by 100,000 Hectare by 2019

<http://news.donga.com/3/all/20170712/85309741/1>

Summary: Korean government announced on July 11 that it would introduce 'Rice Production Revision Initiative' from 2018 to reduce local rice acreage and resolve overproduction issue. According to the initiative, Korean government will offer monetary incentive for farmers to switch their rice field to other crops. The government goal is to reduce local rice field by 100,000 hectare (or 250,000 metric tons of annual rice harvest) by the end of 2019. The monetary compensation is likely to be 3 million won (about \$2,600) per hectare on a condition that the field will not cultivate rice for three years.

Alcohol Addiction Rises among Female Population

<http://news.donga.com/3/all/20170710/85274356/1>

Summary: According to Korea National Health Care Service, the number of Korean women who were treated in local health care institutes for alcohol addiction marked 15,974 in 2016, up 7.3 percent from 2012. On the other hand, alcohol addiction patients declined 5.1 percent among male population during the period down to 59,382. Marketers point out that increased drinking trend among young female population as well as elevated introduction of alcohol beverages that contain less amount of alcohol are the cause of the rise of alcohol addiction among female population.

Banana Leads Fresh Fruit Sales in E Mart

<http://bizn.donga.com/List/3/all/20170708/85256563/2>

Summary: E Mart reported that banana was the leading product in its fresh fruit section during the first half this year. Cash register sales of banana in E Mart amounted to 37 billion won during the period, up 9 percent from the previous year. Apple was the second most sold fruit in E Mart (33 billion won).

Performance of Korean Duty Free Stores Plunges Due to Sharp Decline of Chinese Tourists

<http://www.sedaily.com/NewsView/10IEQ7HOX5>

Summary: The number of Chinese tourists who visited Korea totaled 250,000 in May this year, down 64 percent from the same period last year. The traffic of Chinese tourists to Korea is likely to remain weak unless on-going political dispute between the two countries over American anti-missile defense system (THAAD) brought into Korea is not resolved. As a result, sales of Korean duty free store industry have plunged in the first half this year. For example, Lotte Duty Free Shop, the number one player in the industry, reported that its sales in the first half this year declined by 350 billion won. Hanhwa Galleria Duty Free Shop announced that it would close down its store in Jeju by August as the traffic of Chinese customers declined almost 90 percent.

Prosecutor's Office Launches Investigation on "Hamburger Disease" Accusation ... A Five Year Old Girl Claims She Lost 90% of Her Kidney Function after Eating McDonald's Hamburger with Improperly Cooked Patty

<http://news.donga.com/3/all/20170707/85241338/1>

Summary: A Korean family filed accusation against McDonald's Korea, claiming that a five year old girl lost 90 percent of her kidney function after eating McDonald's hamburger with improperly cooked patty (a disease known as "hamburger disease"). McDonald's Korea denied the allegation and stated that its patties should be properly cooked under strict operation manual. Prosecutor's office launched an official investigation on the case on July 6.

Number of Foodservice Outlets under Franchise Operation Continues to Rise

<http://news.donga.com/3/all/20170706/85239683/1>

Summary: According to Korea Fair Trade Committee, the number of restaurants and other foodservice outlets under franchise operation totaled 106,890 at the end of 2016, up 6.5 percent from 2015. Marketers point out that foodservice outlets under franchise operation will continue to increase as franchise business outperforms independent business in terms of consumer promotions and supply chain management. However, industry analysis indicates that franchise restaurant brings less profit to the owner because of high franchise license fee and inflexible code of operation. According to Korea Foodservice Industry Institute, operation profit ratio of franchise restaurant was 16.9 percent in 2016, which was lower than independent restaurant (18.4 percent).

Beer Price Up 6.1% in the First Half

<http://news.donga.com/3/all/20170705/85221030/1>

Summary: According to Korea National Statistics Office, the consumer price of beer increased 6.1 percent during the first half this year, which was the highest price increase in 19 years. Two dominant players in the beer market, OB Brewery and Hite-Jinro, increased their beer price by 6.0 percent and 6.3 percent on average each at the end of last year.

E Mart Offers New Sweeter American Cherries

<http://news.donga.com/3/all/20170705/85221030/1>

Summary: E Mart started to offer new variety "sweeter" cherry that it imported from the United States on July 7. E Mart pointed out that this variety is 20 percent sweeter than regular cherries and E Mart is the only retailer that carries the variety in Korea. A 454 gram pack is offered at 8,800 won.



One Out of Three Korean Families Has Pet Animal ... 8.5% of Them Spend over 1 Million Won per Month for Pet Care

<http://news.donga.com/3/all/20170704/85202709/1>

Summary: According to a recent survey by KB Financial Institute, 31 percent of Korean families answered that they were raising pet animals. Dogs were the leading pet animals for Korean families (83 percent), followed by cats (17 percent). The survey also indicated that many pet owners were willing spending money for their pets. 36 percent of the pet owners answered that they spent over 200,000 won (about \$180) per month for their pets. 8.5 percent of the pet owners were spending over 1 million won (\$900) per month for their pets.

Australian Beef Disappears in Korean Grocery Stores as China Sucks Up Australian Beef Exports

<http://plus.hankyung.com/apps/newsinside.view?aid=2017070312721&category=>

Summary: Major Korean grocery retail stores are switching to American beef as the supply of Australian beef has declined dramatically. Severe drought has reduced production of beef in Australia in recent years. On top of this, China has expanded imports of Australian beef, leaving less Australian beef for other markets, including Korea. China's imports of Australian beef jumped from 5.6 million metric tons in 2010 to 190 million metric tons in 2016. As a result, Korean buyers are increasing imports of American beef to fill the gap. Tight supply of beef is driving up the price of imported beef by the way. For example, retail price of American beef rib marked 2,530 won per 100 gram in the fourth week of June in Korea, which was 80 percent higher than the price one year ago.

Indigenous Fruit-Flavored Yeast Found in Korea – Expecting Import Substitution Effect on Beer Yeast

<http://www.yonhapnews.co.kr/bulletin/2017/06/29/0200000000AKR20170629058000004.HTML?input=1195m>

Summary: The National Institute of Biological Resources (NIBR) in Korea announced on June 29 that a joint research team had found a native yeast in Gangwon Province which allows for flavorful beer brewing. Moreover, the researchers discovered that the yeast produces natural flavored substances in abundance such as fruits, roses, and caramel during the fermentation process. The greater part of yeast, used in domestic beer production so far has been imported but the native yeast can eventually become a main source and a replacement for imported yeast for beer brewing, NIBR added.

Imported Beer Beat Mineral Water in Sales for the First Half of This Year in Korea

<http://news.heraldcorp.com/view.php?ud=20170628000023>

Summary: The analytical result of imported beer sales over the past five years published on June 28 by Lotte Mart, one of the leading large-scale hypermarkets in Korea, showed that the index for imported beer sales was 124.2% during the first half of the year, using mineral water sales index as 100%. In practice, sales of imported beer for the first six months this year increased by 142% compared to the same period last year, while mineral water went up by 10.1%. According to an official at Lotte Mart, reasons for the increased beer sales are due to a growing tendency to fall in love with imported beer with various flavors and aromas such as ales and dark beer, female consumers in the liquor market are increasing, and a new culture of drinking alone among young generation is spreading unlike in the past.

Korean Government Plans to Attach Farm Access Decals on Livestock Vehicles throughout the Nation

<http://news.kbs.co.kr/news/view.do?ncd=3500717&ref=A>

Summary: The Ministry of Agriculture, Food and Rural Affairs (MAFRA) announced on June 19 that it plans to have livestock vehicles across the country to attach farm access decals on windshield glass for easy identification. About 50,000 vehicles registered in the Korea Animal Health Integrated System (KAHIS) are subject to this MAFRA policy. KAHIS is the system used to control vehicle access information going into livestock production facilities by registering vehicles carrying livestock and feed at local district offices. These trucks are equipped with radio frequency identification devices (RFID) since livestock vehicles pose a risk of carrying viruses such as AI and FMD from various farms in the country.

Slow Recovery of Korean Egg Farms

<http://news.donga.com/3/all/20170621/85000614/1>

Summary: According to the Korean Ministry of Agriculture, Food and Rural Affairs (MAFRA), only 22 percent of the 153 local egg farms that were closed due to the avian influenza outbreak have gained government approval to reopen as of June 21. Among them, the actual number of farms that have started operation is only 5. The main cause of this slow recovery of egg farms is strict field inspections required by the government authority. According to an egg farmer, government inspection regulations have strengthened recently and many small to medium size egg farms lack the capacity to meet the new, stronger inspection regulations. On top of this, the price of chicks in the market has gone up as high as 13,000 won each recently, which is over three times higher than the regular price, 4,000 won. Many of the farmers have yet to receive full loss compensation from the government and as a result do not have enough funds to purchase chicks and restart operation.

President of Genesis BBQ Resigns under Price Increase Controversy

<http://news.donga.com/3/all/20170621/85000665/1>

Summary: Genesis BBQ, the leading fried chicken franchise in Korea, announced that president Sung Rak Lee resigned on June 21. Genesis BBQ was involved in a controversy over price increases earlier in June. On June 5, the company announced that it would raise the retail price of its fried chicken. However, the Fair Trade Committee started an audit on the company on June 15 with a claim that Genesis BBQ was abusing its dominant market share. On June 16, the company withdrew its price increase decision and launched an advertisement campaign to reduce the spread of negative consumer sentiment. However, many consumers found the advertisement annoying and the image of Genesis BBQ further deteriorated.

Price of Fresh Fruits Hit 4 Year High

<http://news.donga.com/3/all/20170620/84981135/1>

Summary: The price index for fresh fruits marked 118.5 at the end of May 2017, which was the highest level since May 2013. The main cause of strong fresh fruit prices is a reduced harvest in 2016 season due to hot weather and hail damage in late spring of this year. On-going drought conditions in major fruit growing areas in Korea is also likely to further reduce the supply of local fruits in the market in the coming months.

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."

