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Global Agricultural Information Network

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Report Highlights:

South Korea's imports of American food and agricultural products in 2017 through September totaled \$6.3 billion, up 25 percent from the same period of previous year. The United States remained the leading exporter of food and agricultural products to Korea with 25 percent market share. Under solid recovery trend of the Korean economy, American exports to Korea showed outstanding outcomes for the basic, intermediate, and consumer-oriented product categories. Despite escalated competition from export-oriented competitors, consumer-oriented American products continued to lead the expansion of export market in Korea, which reflected Korean consumers' increased demand for better value, quality and diversity. The Korea-United States Free Trade Agreement, implemented in 2012, coupled with on-going recovery of the Korean economy, is expected to generate greater export opportunities for American products in Korea in the coming year.

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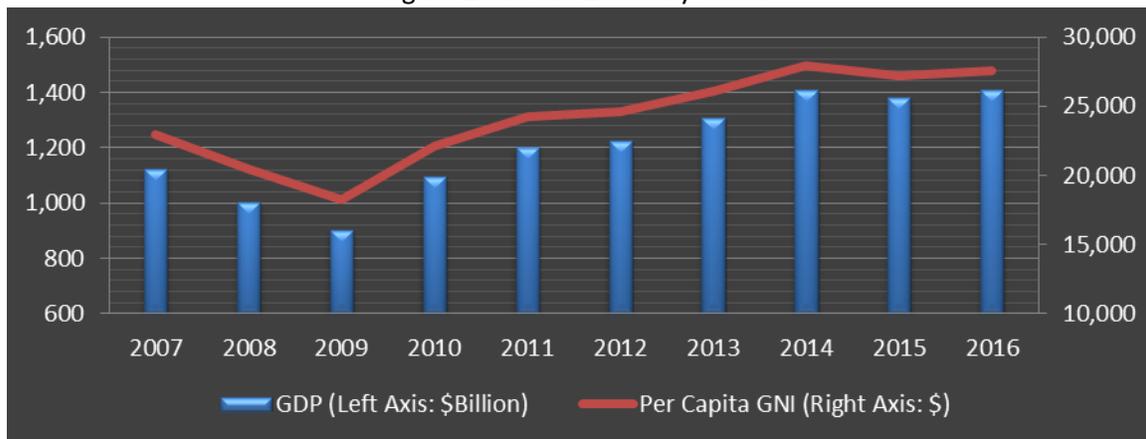
Disclaimer

This report was prepared by the Agricultural Trade Office of the U.S. Embassy Seoul, Korea. Korean government policy and regulation are subject to change and revision. Please check for updated reports and verify Korean import requirements with your Korean business partners to ensure that you have the most up-to-date information prior to shipping. FINAL IMPORT APPROVAL OF ANY PRODUCT IS SUBJECT TO THE IMPORTING COUNTRY'S RULES AND REGULATIONS AS INTERPRETED BY BORDER OFFICIALS AT THE TIME OF PRODUCT ENTRY.

SECTION I: MARKET OVERVIEW

South Korea (herein after referred to as Korea) is the world's 11th largest economy as of 2016 with a national GDP of \$1.411 trillion, up 2.0 percent from the previous year, and a per capita Gross National Income (GNI) of \$27,561. Korea is the fifth largest export market for American agriculture in the world. The United States is the leading exporter of agricultural products to Korea.

Figure 1: Korean Economy Trend



Source: Bank of Korea, World Bank

Korea by nature relies heavily on imports to fulfill its food and agricultural needs. Korea is about the size of the state of Indiana and over 70 percent of its land is mountainous terrain, unsuitable for large-scale commercial farming. Furthermore, a majority of the limited farm acreage is exclusively dedicated to rice production. Its population of 50 million makes Korea the third most densely populated country in the world among countries with over 20 million in population. What is even more striking is that over 90 percent of Koreans live in urban areas which account for 17 percent of the land space. In addition, over 50 percent of the population lives within

or in the direct vicinity of the capital city, Seoul. The agricultural sector, which accounts for only 2.2 percent of the Korean Gross Domestic Production (GDP) as of 2016, is expected to remain a minor contributor to the Korean economy in the future.

The aftermath of the global economic crisis since 2009 brought tides of challenge to the export-oriented Korean economy. Some of Korea’s major industries, particularly ship builders and ocean freighters, experienced major setbacks as their export markets shrank significantly. Household debts saw a steep, 75 percent increase between 2009 and 2016. Reduced income growth forced Korean families to tighten up their consumption spending. On top of this, the political turmoil that swept the country in the second half of 2016 over corruption/influence-peddling scandal involving the president further degraded both business and consumer sentiment in the market. Korean household’s food spending saw a decline in 2016 for the first time in years (down 0.1 percent from 2015).

Figure 2: Recovery of Korean Export Sector and Consumer/Business Sentiment



Source: Korea National Statistics Office (<http://kosis.kr>)

That said, the Korean economy has been showing solid signs of recovery throughout 2017. In particular, the export sector, the main engine of the Korean economy, has reported double digit growth, leading to outstanding improvement in both business and consumer confidence indexes. The Korean stock market hit a record high at the time of this report. The political environment in Korea has also resumed strong leadership as a result of an early presidential election in May 2017. Reflecting on these positive developments, both International Monetary Funds (IMF) and the Bank of Korea announced in October that they have raised the annual growth forecast for the Korean economy for 2017 to 3.0 percent, up 0.3 percent point from their previous forecasts.

Increased vitality in both local processing and retail sectors has led to a remarkable increase in Korea’s agricultural imports in 2017 through the time of this report. Provided that the growth trend continues for the remaining months of the year, Korea’s imports of agricultural products from the world are forecast to amount to \$34.7 billion in 2017, up 10 percent from the previous year. Imports from the United States are forecast to increase 25 percent to \$8.7 billion.

Table 1: Korea's Agricultural Imports by Category (\$Million, CIF Value*)

Product Category	From World			From the U.S.			
	2016	2017(F**)	Growth	2016	2017(F**)	Growth	Mkt Share
BASIC COMMODITY	5,088	5,022	-1%	1,714	2,541	48%	51%
INTERMEDIATE	7,502	8,220	10%	1,208	1,481	23%	18%
CONSUMER-ORIENTED	11,452	13,128	15%	3,774	4,359	11%	33%
FOREST PRODUCTS	2,880	3,228	15%	98	115	18%	4%
SEAFOOD PRODUCTS	4,502	5,091	13%	227	238	5%	5%
GRAND TOTAL	31,423	34,700	10%	6,981	8,648	24%	25%

Source: Korea Trade Information Service (KOTIS) Database offered by the Korea Int'l Trade Association (www.kita.net), compiled by the U.S. Agricultural Trade Office (ATO) Seoul.

* The value is CIF basis which is inclusive of international shipping and insurance cost.

** 2017(F) figures are forecast based on January-September KOTIS import data trend analysis by ATO Seoul.

Food consumption trends in Korea reflect on-going socio-economic shifts among the general Korean public, which includes: rise of affluent consumer groups, retirement of baby boomers, more women in the labor market, downsizing of the family, well-traveled/educated young generations, urbanization, and adoption of information technologies. As a result, products and businesses that offer good value, high quality, health/nutritional benefits, new and diversified taste, and convenience are showing strong growth in the market.

Table 2: Advantages and Challenges for American Products in the Korean Market

Advantages	Challenges
Korea is an emerging market where new ideas and trends are eagerly tried and accepted. Local processing, retail, and HRI foodservice industries continue to expand. Consumers generate more diversified and sophisticated demand for food as their income level continues to rise.	Korean consumers are generally biased toward locally produced agricultural products. Many consumers still maintain an idea that local products are superior in quality and safety over imported products.
Korea by nature depends heavily on imports to satisfy its food and agricultural needs. Consumers maintain strong attention to new international food and consumption trends as they are further exposed to foreign food culture.	The high cost of shipping, documentation, inspection and labeling deteriorates price competitiveness of imported products. Recent economic challenge has heightened value concerns among the general Korean consumers.
Korean consumers pay extra attention to the value, quality and safety of food that they consume. Many consumers recognize the United States as a trusted origin of quality agricultural products.	American products face elevated competition in Korea from both old and new competitors who are deploying aggressive export promotions targeting Korea.
Implementation of the KORUS FTA generates new opportunities for American suppliers by reducing tariff and non-tariff barriers.	Imported products are subject to complicated labeling and food safety standards in Korea, which change frequently with limited lead time.

Korean consumers and traders recognize the United States as a leading origin for imported agricultural products of good quality and value. The strong business and social ties between Korea and the United States encourage Korean consumers to maintain a favorable attention to new American product and consumption

trends. The Korea-United States Free Trade Agreement (KORUS FTA), implemented in March 2012, coupled with on-going recovery of the Korean economy should generate greater export opportunities for American products in Korea in the coming years.

SECTION II: AMERICAN EXPORTER BUSINESS TIPS

A. Where to Start

Market Research:

The first step recommended for new-to-market American suppliers seeking an entry into Korea is preliminary research to determine if there is a potential market for their products in Korea. The research should cover key marketing and regulatory issues including consumption trends, size of the market (imports), major distribution channels, current import tariff and local tax structure, and Korean government regulations and standards. The research, together with consultations with potential Korean import partners down the road, can also help American suppliers determine if any modifications to their existing products or marketing strategy are needed.

The internet home-page (www.atoseoul.com) of the Agricultural Trade Office Seoul under the USDA/Foreign Agricultural Service (FAS) offers various information about the Korean food market, including:

- [GAIN Market Reports](#): Reports on key products and industries published by FAS Seoul. Particularly, the Exporter Guide, FAIRS Country Report, Export Certificate Report, Retail Food Sector Report, and HRI Food Service Sector Report are recommended to new-to-market suppliers.
- [KORUS FTA Product Briefs](#): Short briefs on over 45 “best prospect” products are available.
- [Korea’s Agricultural Import Statistics](#): Spreadsheets, updated monthly, provide a summary of Korea’s agricultural imports by four digit HS product code. For a more accurate reading of the market, both the Korean government’s import statistics (CIF value basis) and the U.S. export statistics (FOB value basis) are provided.
- [Korea’s Agricultural Import Trends Presentation](#): Presentations, updated quarterly, provide an overview of Korea’s agricultural imports and the competition between the U.S. and other competitors for key products.
- [Korea Food Market Media Reports](#): Weekly food news clippings summarize outstanding issues and trends in the Korean food market.

Local offices in Korea under USDA/FAS can also provide American suppliers with catered assistance with various market entry tools as well as links to other relevant sources of support (please see Section VII of this report for contact information of the offices). Additionally, the United States Department of Commerce is another important source of information about the Korean market. In particular, the ‘[Country Commercial Guide](#)’ published by the department includes a wide range of useful information for new-to-market American suppliers (available from www.export.gov).

Establishing Korean Business Partners:

While executing preliminary market research, the American supplier is encouraged to develop dialogues with potential business partners (importers/distributors) in Korea. Lists of Korean importers by product or by industry are available from the USDA/FAS offices in Korea. The lists are based on the industry contact database updated by the offices regularly. Korean importers in general are actively seeking new business opportunities with foreign suppliers and would willingly provide in-depth market intelligence if they are interested in the

supplier's product or business offer.

An effective tool recommended for developing contacts with Korean importers is exhibiting in reputable food trade shows because Korean importers highly value face-to-face encounters when developing new business with foreign suppliers. In particular, Seoul Food & Hotel, the only food trade show officially endorsed by USDA/FAS in Korea, has been an outstanding venue for new-to-market American suppliers to develop business contacts with a large number of key importers and distributors in Korea. Registration information to join the U.S. Pavilion of the show is available from the organizer (www.seoulfoodnhotel.co.kr, rhoood@oakoverseas.com). Other international food trade shows that attract a sizable number of Korean food buyers include FoodEx Japan (<http://www.jma.or.jp/foodex/en/>), Natural Products Expo West (www.expowest.com), Fancy Food Show (www.specialtyfood.com), SIAL France (www.sialparis.com), and ANUGA Germany (www.anuga.com).

Another tool recommended is joining trade delegations to Korea organized by various American agricultural export promotion organizations, such as State Regional Trade Groups (Western U.S. Trade Association, Food Export Association of the Midwest USA, Southern U.S. Trade Association, and Food Export USA Northeast), State Departments of Agriculture, and USDA Cooperators (e.g. U.S. Dairy Export Council). Some of the states and USDA cooperators maintain representative offices or marketing contractors in Korea. Contact information of these organizations is available from USDA/FAS Korea offices.

Korea has well established regulations and procedures on food imports, which often makes entry of new-to-market products into Korea a time and resource consuming process. Working with reputable importers is the approach that has been proven most efficient to overcome these regulatory challenges. Established importers are the best source for up-to-date market demand/supply intelligence, local business laws and practices, distribution channels, and most of all government regulations on imported foods.

As the dialogue develops further and the potential business partner is narrowed down, the American supplier would be asked to ship sample products to Korea. Sample products shipped to Korea could be subject to the same set of Korean regulations as required on regular commercial shipment to enter the market, and therefore allow the American supplier to verify in advance if the product would have any problems against Korean standards, such as export certification requirements or food additive standards. The test shipment also helps verify the Harmonized Tariff System (HS) Code that the product would be subject to in Korea, which decides the import tariff or tariff rated import quota that the product is subject to.

Once the test shipment is successful, and an agreement on price and transaction terms is reached, the American supplier and the Korean importer would move forward to sign a formal contract to start actual business. The type of business relationship agreed between the U.S. exporter and the Korean importer may vary from a market exclusive, long-term business agreement to a non-binding, one-time purchase order. This determination would mainly depend on how the exporter sees the role of the import partner in market development. One common practice is maintaining a non-binding seller-buyer relationship during the test-market period and then upgrading to a more binding option later if the partnership proves to demonstrate bigger potential. Letter of credit (L/C) is the most common and recommended payment terms used between new business partners. It is also recommended that the contract include an agreement on the method of resolution for any dispute that may arise from the transaction.

Meeting Local Tastes:

One of the common mistakes that American suppliers often make is viewing Koreans as the same as consumers

in the neighboring countries, Japan and China. Although it is true that people in these three Far Eastern Asian countries share some parts of their histories and cultures, Koreans' tastes for foods are different in many ways from their neighbors'. Consequently, products that cater to the taste of Korean consumers will have a higher chance of making a successful entry into Korea. Personal visits to Korea should be the best way to develop an understanding about the local tastes. Information gathering through Internet or associating with Korean American communities could also be an efficient tool.

Meeting local tastes could mean anything from modifying package design to reformulating the recipe. Package design, in particular, is a very important factor in Korea, and the American supplier should consider developing a separate design that can better attract Korean consumers. Although many Koreans can read English, adding Korean language on the label can significantly improve the level of exposure on the shelf. Another noteworthy issue in packaging is the separate Korean language label required on imported products. This added, stick-on label can detract from the appearance of the product. The American supplier should discuss the design of the Korean language label with the import partner to develop a better look. The Korean language label is generally printed by the import partner and hand-attached to the product in the duty free warehouse at the port of entry before the customs inspection.

B. Local Business Customs & Practices

Korea is a country of long tradition. While Korean importers understand international business customs and practices, paying attention to cultural differences and localities will facilitate building a trusted business relationship. The following are some business tips that American suppliers should keep in mind when associating with Korean businessmen.

Initial Communication:

Partly because of the strong influence of Confucianism philosophy still running through the society, Koreans try to be formal when they develop contacts with new people. As such, cold calling (or cold e-mailing) could be problematic in Korea. Koreans would take extra steps or efforts to make the initial communication as formal as possible. For example, e-mails or letters would include unnecessary 'protocol' information, such as lengthy greetings or elaborated introduction about the person in charge, less critical to the business subject. Initial communication may not be considered official or meaningful unless done in a formal way (e.g., use of official letterheads or seals) or by a proper level person in the organization. Communication exchanged between the working level staffs may not take effect until the senior level staffs are introduced to the discussion later for final confirmation on the preliminary agreement already made. Therefore, the American supplier should try to match the formality of the Korean counterpart particularly during the initial stage of contact. As a result, progress of the initial communication could be slow.

Relationship Building & Social Networking:

Koreans put high value on personal interaction when developing a new relationship, so they prefer to deal face-to-face. The American supplier may see little progress in negotiation until there is a face-to-face encounter made with the Korean counterpart. As a tool to supplement the personal interaction, Koreans seek introductions or comments by mutually connected third parties. Koreans love socializing and participate actively in various bodies of social network such as religious organizations, school alumni groups, political parties, and birth place associations. Any of these bodies of social network can help the American supplier develop or even troubleshoot its relationship with the Korean business partner. It is notable that many Koreans are also actively engaging in on-line social media such as Blogs, Internet communities, *Facebook*, and *Twitter*.

Language:

Although English is the most common foreign language used in Korea and is officially taught in public schools, many Koreans find it difficult to communicate in English. Therefore, the American supplier should be very careful when writing or talking to the Korean counterpart in English. For every communication, the American supplier should try to use plain words, make the sentences as simple and clear as possible, avoid using slangs or trendy expressions, and ask for confirmation that the Korean counterpart has fully understood the idea. When corresponding through written communication, start with words of appreciation, clearly mark the recipient's name, title, and division (as many Koreans have the same last name), indicate a reasonable time frame for a response, and close with additional words of appreciation. By cultural nature, Koreans rarely say, "no" directly. Instead they often say the issue is "difficult." If there is anything unclear or confusing, it is best to ask directly and clearly what additional information or explanation is needed. When there is no satisfying reply, there is nothing wrong with politely asking again.

Name Cards:

Exchange of name cards is usually the first item of business expected at the very beginning of a face-to-face encounter. In Korea, people seldom call others by their first names. Instead, they use surnames (such as Mr. Lee) or title and surname together (such as President Lee). Never use the first name unless the person specifically asks to be called by his/her first name. Having the back side of business card translated and printed in Korean should help the Korean recipient better understand and remember you. One thing to note is that Koreans put their surnames ahead of first names when they write their names in Korean. For example, in a Korean name 'Hong Gil-Dong', the surname is 'Hong'. Korean names are difficult for Westerners to tell if the contact is a male or a female. Job titles are quite diversified in a Korean organization, so the title of job on a Korean business card could be misleading as there could be limited matching titles in an American organization (for example, 'Manager of Sales Department' title on a Korean business card could mean 'Sales Executive' up to 'Vice President of Sales' in an American company).

Meetings:

A clearly defined and listed agenda provided in advance to the Korean counterpart helps the meeting stay focused and generate successful outcomes. When the meeting includes a senior staff member who speaks little English, a designated junior staff member of the Korean company usually translates on behalf of the whole Korean party. However, regardless of the fluency of the translator from the Korean side, the American supplier should be prepared to provide all materials in writing to avoid misunderstanding. For important meetings, the American supplier should also consider hiring a professional interpreter. Take time before the meeting to ensure that your interpreter is familiar with the terms that you will use. Small talk is a good way to break the ice at the beginning of a meeting. Allow the Korean party to talk enough before giving your reply, but it should not be seen as impolite to stop the discussion and ask for clarification or further information.

Evening Gatherings:

Korean businessmen often gather after work over dinner or drinks not only to socialize, but also for business. As an old Korean saying goes, "real business develops in (unofficial) evening gatherings after work." Korean businessmen tend to extend the official talk started during the work hour into the dinner or even to a late 'drinking gathering' following the dinner particularly when they want to make significant progress in the negotiation. Therefore, American suppliers are encouraged to actively participate in evening gatherings especially when dealing with the older generation Korean businessmen. Although Koreans are wary of people who refuse to drink or who drink moderately, foreigners are given some flexibility especially if you explain that you have health or religious reasons for abstaining. A useful, cultural point to note in this situation is that it is

impolite to pour one's own drink. As such, participants should not be bashful about pouring for others at the table.

Dress Code:

Koreans take first impression from the look of a person very importantly. It is recommended to wear a business suit and tie when meeting or visiting Korean importers for the first time regardless of the weather (in the heat of summer most Koreans do not wear a tie) unless you intend to deliver a specific idea by wearing special attire.

Resolving Conflicts:

Koreans do not like to appear "lost face" when dealing with conflicts. Therefore, even a small concession offered by the American supplier can help resolve the conflict more quickly. Visible anger is not useful in a confrontation. Instead, silence could be a more effective method of conveying displeasure. Apologizing can also be useful and does not always mean that you feel you were wrong. Lastly, never point your criticism directly at one specific person, but try to share the issue with the entire group of staffs involved in the Korean company. Law suits are a very expensive and time consuming way to resolve conflicts. Therefore, it is always recommended to include an alternative measure in the contract describing how potential business disputes would be resolved. The following is a clause often used by the Korean traders - "All disputes related to this contract shall be finally settled by arbitration in the country of the respondent. In case the respondent is the Korean importer, the arbitration shall be held at the Korean Commercial Arbitration Board. In case the respondent is the American supplier, the arbitration shall be held at an American commercial arbitration association." The Korean Commercial Arbitration Board offers some useful information related to this issue (http://www.kcab.or.kr/servlet/kcab_adm/memberauth/5000).

C. General Consumer Food Tastes and Consumption Trends

Represented by steamed rice, Kimchi (seasoned and fermented vegetables) and Bulgogi (soy sauce marinated beef), traditional Korean cuisine remains the mainstream of the Korean diet today. However, globalization of the market and evolvement of consumer lifestyle have made today's Korean diet quite different from what it was in the past. Like consumers in developed countries elsewhere, Koreans are looking for new tastes, better value, convenience, high quality, and most of all, safe and healthy food in their daily diet.

Due in part to the aging population, there is a heavy emphasis among the general Korean public on healthy eating. Korean consumers' strong belief in health-improving efficacy of regular food ingredients dates back thousands of years as indicated by a still prevailing old Korean teaching, "food and medicine are from the same source." On top of this, 'Well-being', a theme that evoked new consumer trends of seeking both physical and psychological health by adopting more wholesome approaches in daily life has further heightened the Korean consumers' attention to healthy diets. As a result, sales of functional foods (such as glucosamine, chlorella, vitamins, anti-oxidants, lactic bacteria, antlers, pollen, fish oil, ginseng and other Asian herbs) as well as regular foods that are associated with health benefits (such as red wine, organic food, green tea, yoghurt, blueberries, pomegranate, and quinoa) continue to grow.

Table 3: Aging Korean Population (unit: million people)

Age Group	1995		2015		Change
	Number	Share	Number	Share	
0-14	10.2	23.0 %	6.9	14.3%	-32 %
15-64	31.7	71.1 %	35.0	72.5%	10 %

65 +	2.6	5.9 %	6.4	13.3%	146 %
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Source: Korea National Statistics Office (<http://kosis.kr>)

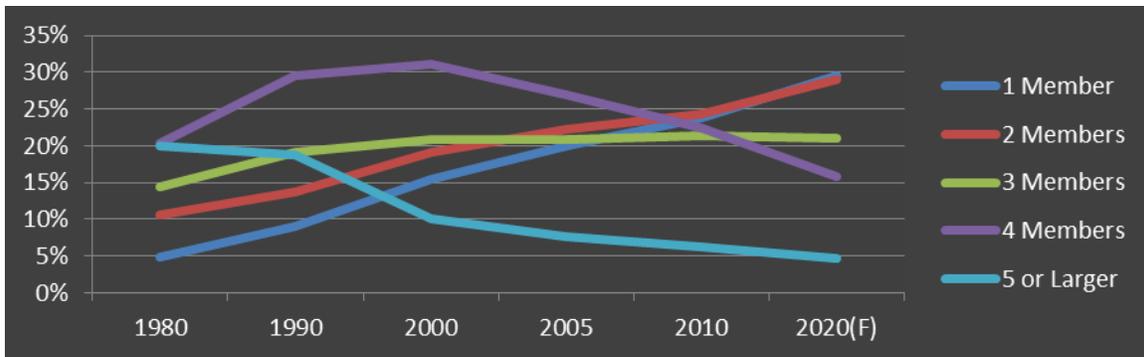
It is important to note that Korean consumers today are extremely sensitive to food safety issues as they have gone through endless outbreaks of food safety scandals and controversies over the years, including Bovine Spongiform Encephalitis (BSE), Avian Influenza, faulty additives found in Chinese processed foods, and radiation risk from Japanese seafood after the Hukusima nuclear accident. In addition, Korean consumers perceive Genetically Modified Organism (GMO) as a food safety concern. As a result, Korean consumers tend to react quickly to food safety issues and other consumer concerns of any magnitude. Furthermore, internet and on-line social media have become a major communication channel to share issues and concerns among the general Korean public, which makes it more difficult for the government authority or the supplier to respond in a timely and efficient manner.

Continued growth of the economy allows Korean consumers to pay more attention to quality, diversity and new tastes in their diet. In particular, better-traveled young consumers, many of whom are educated in foreign countries, are ushering more international products and food culture into the market. It is also notable that the number of 'super rich' consumers continues to increase in Korea (Korea had almost 250,000 cash-millionaires in 2016, which ranked Korea 13th in the world in terms of the number of cash-millionaires in the market). While Japan served in the past as the leading window for Korean consumers to monitor and adopt new foreign food culture and products, today's Korean consumers are tracking more diverse international markets, including California, New York, Paris, and London for new foreign food ideas and trends.

At the same time, the call for better value is also emphasized in the market mainly due to the on-going retirement of the seven million Korean baby boomers as well as slowing-down of the local economy under the on-going global economic downturn. As a result, the number of private brand label products introduced by retail stores is on a rise. Retail stores are also trying to expand direct importation of agricultural products in an effort to eliminate the middlemen in the supply chain and lower the cost to the consumers. In addition, value-oriented retail stores, including dollar shops, warehouse discount stores and outlet shopping malls are currently deploying an aggressive expansion strategy to capitalize on the trend.

Convenience is another strong driving force behind many consumer trends as everyday life of Koreans gets busier. For example, rapid increase of dual-income families, single parent households, and single member households has led to a growing demand for Home Meal Replacement (HMR) products in retail stores as well as take-out meals in restaurants. Delivery service is extremely well developed in Korea as people do not want to waste time in the heavy traffic. Rapid growth of on-line shopping is also rooted partly in the demand for convenience.

Figure 3: Breakdown of Korean Households by the Number of Household Member

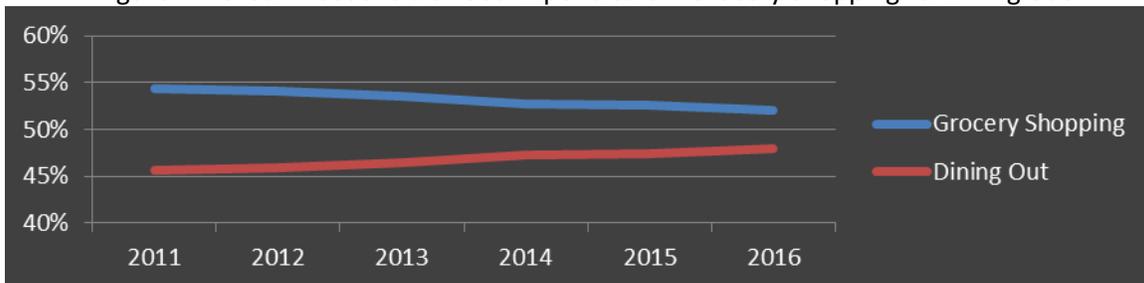


Source: Household Statistics, Korea National Statics Office (<http://kosis.kr>)

Each Korean household, representing 3.13 members, spent on average 695,330 won per month in 2016 on food purchases. Spending on food accounted for 27.3 percent of total Korean household consumption expenditures. Fifty two percent of the household food spending went to grocery purchases, while the remaining 48 percent went to dining out.

Between 2011 and 2016, Korean household's food spending marked an average of 1.6 percent annual growth. It is notable that spending on dining out outgrew spending on grocery purchases during the period. It is likely that dining out will account for an increased portion of Korean household food spending in the coming years as Korean families face ever busier lifestyles.

Figure 4: Korean Household's Food Expenditure – Grocery Shopping vs. Dining Out



Source: Household Statistics, Korea National Statics Office (<http://kosis.kr>)

Categories in the household food spending that showed higher growth than the average growth included meat, processed meat, confectioneries and snacks, other processed foods, juice and beverages, alcohol beverages, and dining out. On the other hand, grains, fresh seafood, seaweeds, spices and seasonings, and coffee and tea declined.

Table 4: Breakdown of Monthly Korean Household Food Expenditure (Unit: Won)

Year	2011		2016		Growth*
Number of Household Members	3.28		3.13		-0.9%
Total Consumption Expenditure	3,841,586		4,399,190		2.8%
Total Food Expenditure	641,711		695,330		1.6%
Product Category	Amount	Share	Amount	Share	Growth*
Grains	20,647	3.2%	17,340	2.5%	-3.2%
Processed Grains	16,661	2.6%	16,433	2.4%	-0.3%

Bakery Products & Rice Cakes	20,979	3.3%	22,231	3.2%	1.2%
Meat	49,161	7.7%	57,315	8.2%	3.2%
Processed Meat	10,881	1.7%	12,047	1.7%	2.1%
Fresh Seafood	22,616	3.5%	19,780	2.8%	-2.6%
Salted & Dried Seafood	7,641	1.2%	7,490	1.1%	0.1%
Other Processed Seafood	7,032	1.1%	7,319	1.1%	0.8%
Dairy Products & Eggs	30,458	4.7%	29,106	4.2%	-0.9%
Oil & Fat	2,759	0.4%	2,803	0.4%	0.5%
Fresh & Processed Fruits	39,841	6.2%	42,594	6.1%	1.4%
Fresh & Processed Vegetables	37,634	5.9%	38,515	5.5%	0.6%
Fresh & Processed Seaweeds	4,366	0.7%	4,041	0.6%	-1.5%
Confectioneries & Snacks	24,665	3.8%	27,105	3.9%	2.0%
Spices & Seasonings	14,991	2.3%	11,386	1.6%	-5.1%
Other Processed Foods	9,909	1.5%	13,978	2.0%	7.1%
Coffee & Tea	7,968	1.2%	7,293	1.0%	-1.7%
Juice & Beverages	11,160	1.7%	12,644	1.8%	2.5%
Alcohol Beverages	9,400	1.5%	12,284	1.8%	5.5%
Dining Outside Home	292,940	46.7%	333,628	48.0%	2.6%

Source: Monthly Household Expenditure Survey, Korea National Statics Office (<http://kosis.kr>)

*Growth: Compound Annual Growth Rate (CAGR) between 2011 and 2016

SECTION III: IMPORT FOOD STANDARDS & REGULATIONS

Korea has well-established standards and regulations on food and agricultural products. Imported products must meet all the local rules to be able to enter and be sold in Korea. For detailed information regarding standards and regulations that imported food and agricultural products are subject to in Korea, including Labeling, Packaging, Export Health Certificates, MRL (Maximum Residue Level) Code, and Food Additive Code, please refer to the following annual reports published by the Office of Agricultural Affairs/FAS Seoul.

- (1) [FAIRS \(Food and Agricultural Import Regulations and Standards\) Country Report Annual 2016](#) (or visit www.atoseoul.com or www.fas.usda.gov for more recent update).
- (2) [FAIRS Export Certificate Report Annual 2016](#)
- (3) Animal & Plant Health Inspection Service (APHIS/USDA) also provides via its website (www.aphis.usda.gov) detailed information and guidance on export health certificates and documents required in Korea by product.

SECTION IV: IMPORT PROCEDURES

A. Customs Clearance

Imported products are subject to mandatory documentation and inspection requirements administered by relevant agencies upon arrival in Korea.

The Korea Customs Service (KCS), the Ministry of Food and Drug Safety (MFDS), the Ministry of Agriculture, Food and Rural Affairs (MAFRA), and the Quarantine Inspection Agency (QIA under MAFRA) are the lead Korean authorities involved in the import clearance process. Any failure to satisfy the Korean regulations administered

by these agencies will result in delays or rejections. Delays can be costly due to the perishable nature of agricultural products. In addition, other entities may be involved in regulating imports through administration of licenses or, in some cases, quotas established on agricultural products. Due to the complex nature of the import clearance process, importers (or exporters) in general hire licensed customs attorneys/brokers to handle the needed work.

KCS is responsible for ensuring that the imported shipment has satisfied every requirement, including documentation, inspections and import tariffs, before releasing the product from the bonded area. Therefore, the respective quarantine inspection authorities (MFDS and QIA) must clear the shipment before KCS will clear it. All new-to-market products are subject to mandatory laboratory inspection. Subsequent shipments of the same product that have passed the first laboratory inspection will be eligible to much simpler/shorter documentary/visual inspection (but could still be subject to laboratory testing on a random basis).

Table 5: MFDS Inspection Duration

Document Inspection	2 days
Visual Inspection	3 days
Laboratory Inspection	10 days
Random Inspection	5 days
Incubation Test	14 days

B. Documents/Information Generally Required by the Korean Authority for Imported Food

- (1) Commercial Invoice
- (2) Bill of Lading (or Airway Bill)
- (3) Packing List
- (4) Certificate of Origin
- (5) Names of all ingredients and composition percentage of major ingredients
- (6) Names and contents of all food additives
- (7) Processing Flow Chart
- (8) Export health/sanitary certificate (for meat, fruit, nuts, vegetables, plants, grains, etc.)

C. Korean Language Labeling Requirements

All imported food products are required to carry legible Korean language labels to enter the market. Stickers may be used, but should not be easily removable nor should they cover the original label. Labels must contain the following information listed below (for further details and exceptions, please refer to the FAIRS Country Report).

- (1) Product name
- (2) Product type
- (3) Importer's name and address
- (4) Date Manufactured
- (5) Shelf life or best before date
- (6) Contents (calories)
- (7) Ingredient names and content
- (8) Composite ingredients
- (9) Additives
- (10) Allergens

(11) Nutrients

(12) Other items designated by the detailed labeling standards for food such as public health warnings

D. Import Tariffs and KORUS FTA

Korea utilizes a 10 digit Harmonized Tariff Code System (HSK) and the local authority maintains an exclusive right to make a ruling on HSK classification on imported products based on its own discretion. HSK classification on an imported product decides the amount of tariff and additional import restrictions (such as quotas) to be applied to the product. In many cases, the American supplier would not be able to identify the HSK code that his or her product will be subject to in Korea until the product is officially reviewed by the Korean authority upon importation. As a result, there is a high risk for the traders to mistake the HSK code and consequently violate the Korean tariff regulation (fail to pay the tariff due). Any violations including unintentional mistakes could lead to heavy penalties. Therefore, American suppliers are highly recommended to use 'HSK classification pre-review service' offered by the Korea Customs Valuation & Classification Institute (KCVCI, <http://www.customs.go.kr/kcshome/site/index.do?layoutSiteId=cvnci>) under the Korea Customs Service (KSC) through which traders can receive an official HSK classification ruling on an imported product before the product is imported into Korea for commercial sales. This service requires sample products and detailed information about the product for application which should be submitted through the local representative (import partner or customs broker) in Korea.

Tariffs charged on imported agricultural products vary considerably from product to product. Korea has established many trade agreements with individual countries as well as with bodies of economic coalitions (such as WTO and ASEAN) over the years. As a result, tariffs charged on imported agricultural products can also vary considerably from origin to origin. In general, tariff rates are higher on products that are important to local agriculture (for such products, there might be additional safe guard measures such as Tariff Rate Quotas or Safe Guard Tariffs). Ingredient products and bulk commodity products needed by the local processing industry generally have lower tariffs.

The KORUS FTA, implemented on March 15, 2012, significantly reduces tariffs on many American products imported into Korea. The ATO Seoul homepage has a special section that offers detailed information and links related to the KORUS FTA, including:

(1) Full Text of the Agreement: <http://www.ustr.gov/trade-agreements/free-trade-agreements/korus-fta/final-text>

(2) Korea Tariff Schedule:

http://www.ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset_upload_file786_12756.pdf

You will find the base tariff rate and the phase out category for all agricultural and food products, organized by HSK code in the Korea Tariff Schedule. Phase-out categories include:

A	Immediate tariff elimination	E	6 year
B	2 year phase-out	F	7 year
C	3 year	G	10 year
D	5 year	H	15 year

(3) Country of Origin Certification:

[http://www.atoseoul.com/fta/KORUS%20FTA%20COO%20FAQ_clean%20\(2\).pdf](http://www.atoseoul.com/fta/KORUS%20FTA%20COO%20FAQ_clean%20(2).pdf)

(4) Tariff-rate Quotas: <http://www.atoseoul.com/fta/step4.asp>

(5) FTA Briefs on Top 40 Products: <http://www.atoseoul.com/fta/fta%20product%20briefs.asp>

E. Trademarks and Patents

New-to-market American suppliers should pay attention to protecting the company or product's trademarks and patents, which can be easily handled by working with the Korean business partner or through local attorneys. The Korea Industrial Property Office (KIPO) is responsible for registration of trademarks and review of petitions related to trademark registration. In accordance with the Trademark Law, trademarks are registered in Korea on a "first file, first registered" principle. A person who registers a trademark first has a preferential right to that trademark, and Korean law protects the person who has the right over the trademark. To prevent trademark disputes, American companies considering conducting business in Korea are encouraged to register their trademarks as early as possible. For more information, see the Korea Industrial Property Rights Information Service website (<http://eng.kipris.or.kr>).

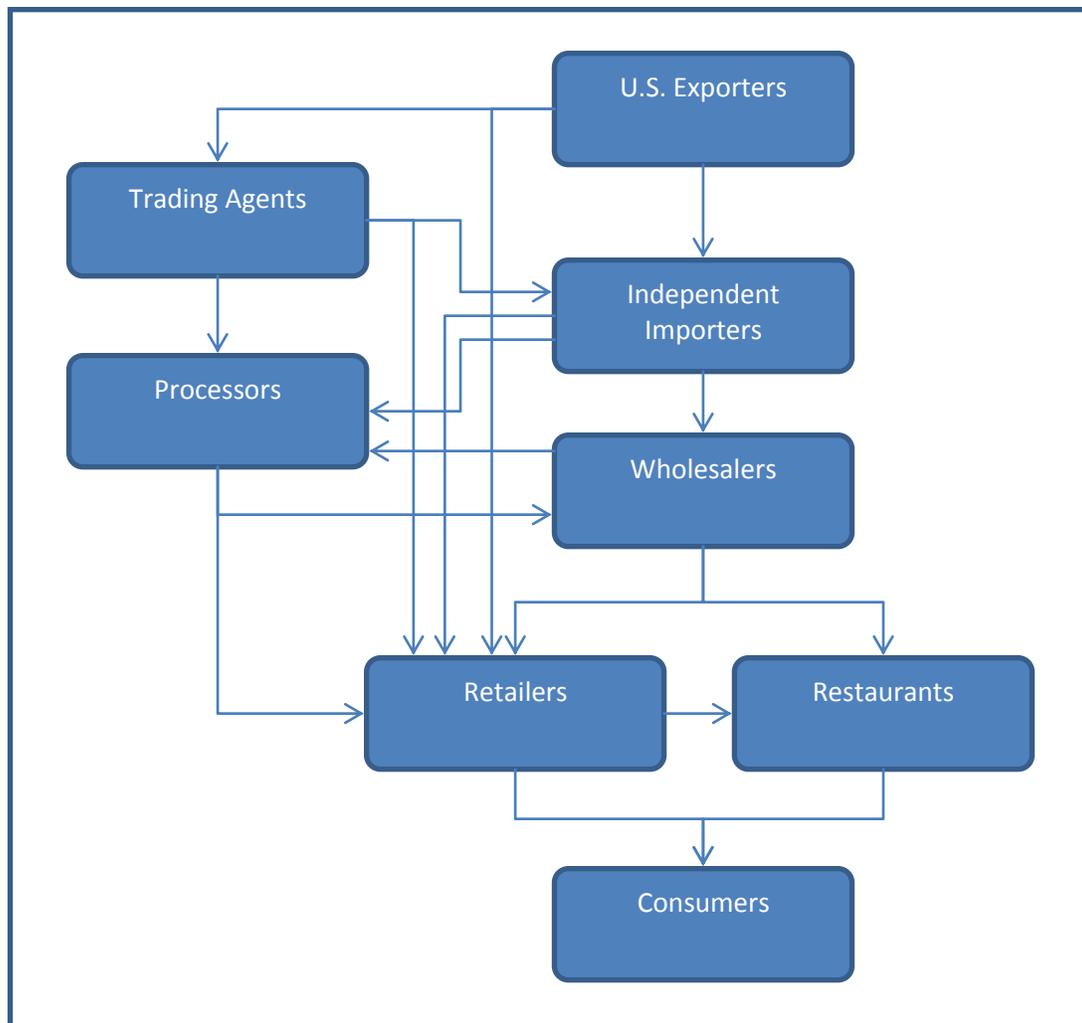
SECTION V: MARKET SECTOR STRUCTURE AND TRENDS

A. Supply Chain and Product Flow

The supply chain for imported agricultural and food products in general involves multiple layers of middlemen and distributors, which is part of the reason for high consumer prices of many imported products in Korea.

It takes at least two weeks for a container ship from a western American port, and three weeks from an eastern port, to arrive in a port in Korea. In general, most imported consumer ready products enter the country through the port of Busan, the second largest city in Korea at the southeastern tip of the peninsula. The port of Incheon, which is much closer to the Seoul metropolitan market, is another important entry point. Small-volume-high-value products, such as premium wine, fresh cherries, and chilled beef, are in general brought in via air cargos through Incheon International Airport (ICN) which is about an hour drive distance from the city of Seoul.

Figure 5: Flow of Imported Food and Agricultural Products



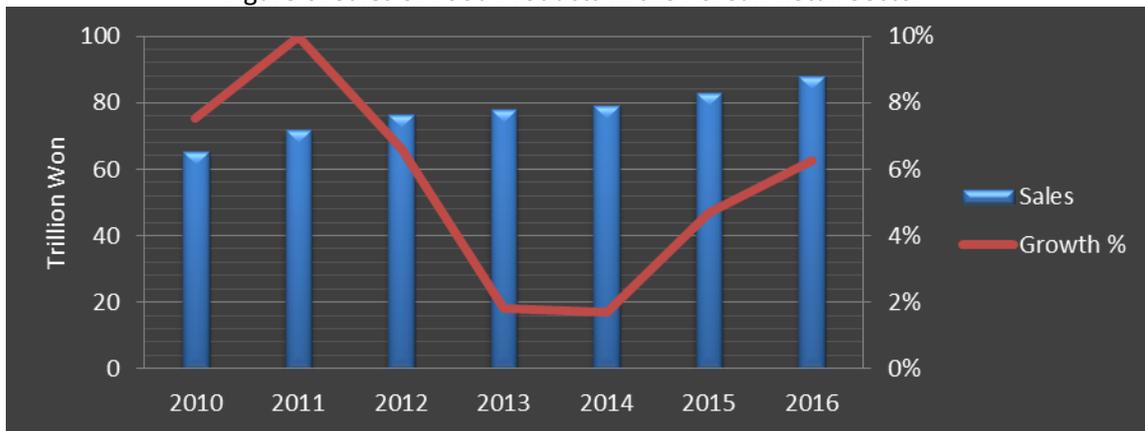
Once the products are cleared from the customs, they are transported to the importer's warehouse for temporary storage. Importers may have warehouses in more than one location. Small, independent importers in general use third party logistics service providers for warehousing and trucking to avoid high overhead costs. The importer usually supplies directly to the large-scale customer's warehouse, but may use wholesalers or independent sales brokers when supplying to small customers or to distant regional markets. Large-scale retailers and franchise food service companies (restaurants) in general operate a network of "distribution-hubs" across the country, each of which services all the branch stores and end-user restaurants in the given regional market.

The city of Seoul and its surrounding area within a 60 miles radius accounts for over 50 percent of the total Korean population and 70 percent of total retail sales in Korea. Although the government maintains a strong policy initiative to develop other regions of the country for balanced growth, the Seoul metropolitan area is expected to maintain a dominant share of food market sales in Korea in the coming years because it should continue to draw people for jobs and education. Regional markets that are likely to see a significant growth in the coming years include Busan, Incheon, Jeju, and Daejeon (Daejeon area, located in the middle section of the peninsula, has been designated as the new home of the Korean government offices).

B. Retail Food Sector

The retail food sector has evolved dramatically ever since opening of its first large-scale discount retail store in 1993 (E Mart by Shinsegae Group was the first hypermarket launched) and liberalization of retail business to foreign ownership in 1996 (Macro, a Dutch retailer was the first one that entered the market). Over the last two decades, modern format, large-scale retail businesses such as hypermarket chains, grocery supermarket chains, convenience store chains, and on-line retailers have grown rapidly at the expense of traditional street markets and family-operated small grocers. On-going evolvement of the retail food sector is likely to bring a continuous change in the way Korean consumers purchase daily necessities, including grocery food.

Figure 6: Sales of Food Products in the Korean Retail Sector



Source: Retail Industry Sales by Product Statistics, Korea National Statistics Office (<http://kosis.kr>)

The overall retail sector in Korea generated ₩386 trillion won of cash-register sales in 2016 (approximately \$331 billion, exchange rate: \$1 = ₩1,167 won), up 5.2 percent from the previous year. The retail sector sales marked a weak growth between 2012 through 2015 as the Korean economy slowed down under unfavorable global economic environment. Total sales of food products in the retail sector amounted to ₩88.1 trillion won in 2016, up 6.3 percent from the previous year. In other words, food products accounted for 23 percent of the overall retail sector sales in Korea.

Grocery supermarkets were the leading retail channel for food products in the sector with an estimated ₩31.9 trillion won of food sales in 2016, followed by hypermarkets (₩27.0 trillion won). However, in terms of growth, on-line retailers marked the highest, 84.0 percent growth of food sales between 2014 and 2016, followed by convenience stores (53.5 percent). Considering increased consumer demand for convenience and value, on-line retailers and convenience stores are likely to lead the growth of food sales in the Korean retail sector in the coming years. On the other hand, hypermarkets and department stores are expected to see stagnant food sales growth not only due to escalated competition from on-line retailers but also because of limited room to build new stores in the market. Small-scale, family-oriented grocers and traditional street markets continue to see reduced food sales.

Table 6: Breakdown of Food Product Sales by Retail Industry Segment (Estimates, 2016)

Industry Segment	Total Sales	Share of Food Products in Total Sales (Estimates*)	Food Sales (Estimates)
Grocery Supermarkets	₩37.8 trillion	84.5%	₩31.9 trillion

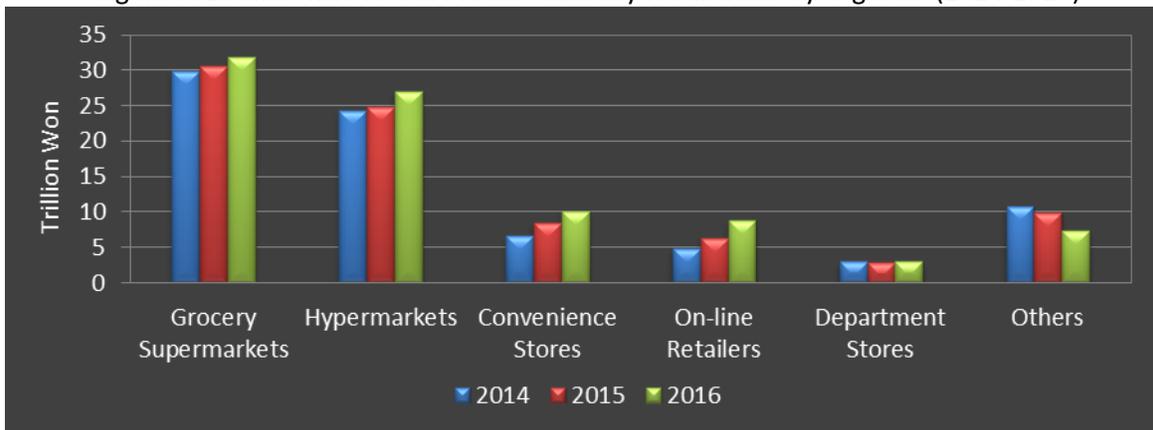
Hypermarkets	₩52.9 trillion	51.0%	₩27.0 trillion
Convenience Stores	₩19.6 trillion	51.4%	₩10.1 trillion
On-line Retailers	₩65.6 trillion	13.4%	₩8.8 trillion
Department Stores	₩29.9 trillion	10.1%	₩3.0 trillion
Others**			₩7.3 trillion
Total			₩88.1 trillion

Source: Retail Industry Sales by Product Statistics, Korea National Statistics Office (<http://kosis.kr>)

* Estimates are based on IR reports of some of the leading companies in each segment. The figure for on-line retailers is from 'On-line shopping industry product sales statistics' by Korea National Statistics Office.

** Others include independent, family operated small retail shops and vendors in traditional street markets.

Figure 7: Breakdown of Food Product Sales by Retail Industry Segment (2014-2016)



It is notable that the aggressive expansion strategy pursued by leading large-scale retail companies has heightened competition in the Korean retail food sector. While maintaining heavy investment to add additional stores and new businesses, leading players have also actively pursued merger and acquisition opportunities to achieve bigger control of the sector. As a result, the Korean retail food sector today is mainly driven by a handful number of leading players. These leading players are in general “conglomerate” retail businesses that participate in all key retail industry segments. For example, the business umbrella of Lotte Shopping Co. (one of the leading large-scale retail companies in Korea) includes supermarkets (Lotte Super), hypermarkets (Lotte Mart), department stores (Lotte Department Store), convenience stores (Seven Eleven Korea), outlet shopping malls (Lotte Outlet), duty free stores (Lotte DFS), health and beauty shops (LOHBs), TV home shopping (Lotte Home Shopping), and Internet shopping mall (Lotte.com).

Korean retailers in general rely heavily on independent importers or middleman distributors for imported food products. Although leading players are making increased efforts to expand direct imports from foreign suppliers for lower cost and improved product assortment, their current attention is mainly targeted on a limited number of large volume products such as fresh fruits, livestock meat, and seafood.

Evolution of the retail sector in Korea has also led to development of modern, large-scale logistics industry. Leading retailers are equipped with a temperature controlled distribution network of trucks and

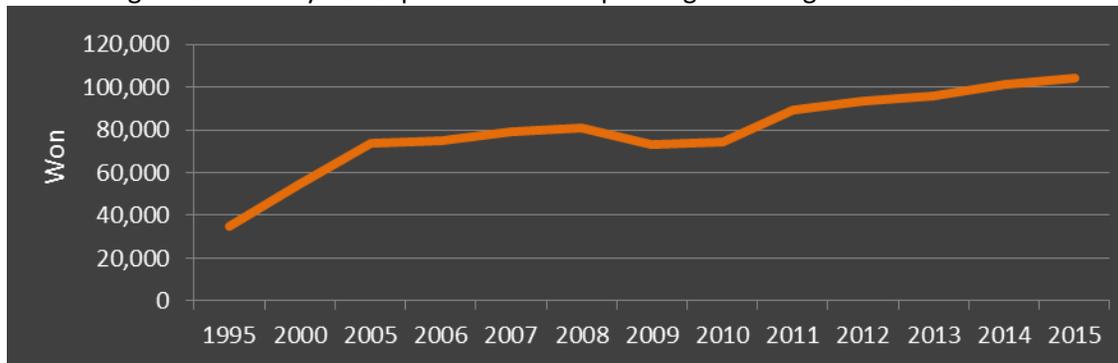
warehouses that cover the entire market. On the other hand, small-to-medium-size retailers in general rely on third party logistics service providers for warehousing and trucking. The logistics industry is likely to continue solid growth in the coming years due to a rapid rise of consumer demand for home delivery service, which is now widely offered not only by on-line retailers but also by conventional retail stores.

For further information about the retail food sector in Korea, please refer to [the Korea Retail Food Sector Biennial Report 2017](#), KS1729 dated September 26, 2017 (available from www.atoseoul.com or www.fas.usda.gov).

C. Hotel, Restaurant and Institutional (HRI) Food Service Sector

Evolution of lifestyle and dietary culture coupled with increased income level of Korean consumers have promoted a rapid growth of the Hotel, Restaurant and Institutional (HRI) food service sector in Korea over the last three decades. Monthly per capita household spending on dining outside the home amounted to ₩104,074 won (roughly \$94) in 2015, up 2.7 percent from the previous year. Each Korean household spent 47.4 percent of its food expenditure, or 12.9 percent of its total consumption expenditure on dining out. It is expected that spending on dining-out will continue a steady growth in the coming years as Korean consumers face ever busier lifestyle with increased number of dual-income families and single-member households.

Figure 8: Monthly Per Capita Household Spending on Dining Outside the Home



Source: Monthly Household Income & Expenditure Survey, Korea National Statistics Office

Cash register sales for the HRI food service sector in Korea totaled ₩83.8 trillion won (\$79.6 billion at \$1 = ₩1,052 won as of Dec. 31, 2014) in 2014, up 5.4 percent from the previous year. Full-service Korean restaurants remained the leading segment of the sector by accounting for 43.6 percent of the sector sales. Bars were the second largest segment of the industry accounting for 13.3 percent of the sector sales. However, the bar segment recorded the least sales growth between 2012 and 2014 in the sector due to elevated consumer health concerns and reduced corporate entertainment spending. On the other hand, cafés and non-alcohol beverage shop, quick-service restaurant and institutional feeding restaurant segments led the sales growth of the sector during the period. Strong consumer interest in new tastes, busier lifestyles, and concerns for the sluggish economy are likely to further boost the sales of these segments in the coming years.

Table 7: Break Down of Food Service Sector in Korea

Category	Type of Restaurant		2012	2014	Growth
Full Service Restaurant	Korean Restaurants	Number	295,348	301,939	2.2%
		Sales*	35,178,359	36,554,531	3.9%

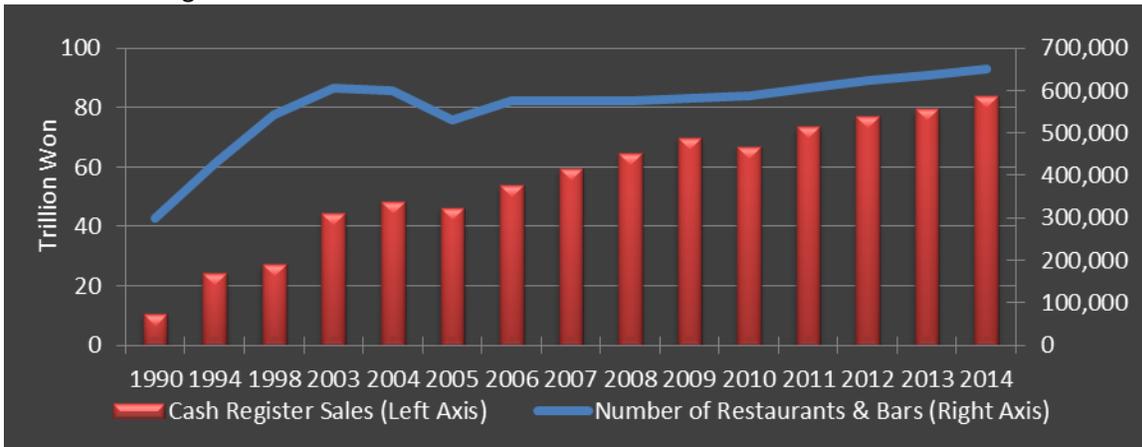
	Chinese Restaurants	Number	21,680	21,550	-0.6%
		Sales	3,010,600	3,148,505	4.6%
	Japanese Restaurants	Number	7,211	7,740	7.3%
		Sales	2,169,666	2,361,812	8.9%
	Western & Other Foreign Restaurants	Number	10,678	12,186	14.1%
		Sales	3,805,143	4,234,064	11.3%
	Sub Total	Number	334,917	343,415	2.5%
		Sales	44,163,768	46,298,911	4.8%
	Pizza, Hamburger, Sandwich Restaurants	Number	13,711	14,630	6.7%
		Sales	3,423,588	3,902,596	14.0%
	Fried Chicken Restaurants	Number	31,139	31,529	1.3%
		Sales	2,658,616	3,150,774	18.5%
Quick Service Restaurant	Korean Restaurants	Number	45,070	46,221	2.6%
		Sales	3,007,144	3,462,750	15.2%
	Other Restaurants	Number	4,251	4,669	9.8%
		Sales	1,069,437	1,182,160	10.5%
	Sub Total	Number	94,171	97,049	3.1%
		Sales	10,158,785	11,698,280	15.2%
	Institutional Feeding Restaurants	Number	6,955	9,709	39.6%
		Sales	4,700,254	5,582,825	18.8%
	Catering Services	Number	496	560	12.9%
		Sales	126,921	140,046	10.3%
	Bakery Shops	Number	14,799	16,496	11.5%
		Sales	3,969,754	4,681,799	17.9%
	Café & Non-alcohol Beverage Shops	Number	42,458	55,693	31.2%
		Sales	3,277,863	4,294,162	31.0%
	Alcohol-beverage Bars	Number	131,035	127,968	-2.3%
		Sales	10,887,855	11,123,909	2.2%
	Grand Total	Number	624,831	650,890	4.2%
		Sales	77,285,199	83,819,931	8.5%

Source: Wholesale & Retail Industry Statistics, Korea National Statics Office

*Unit: Million won

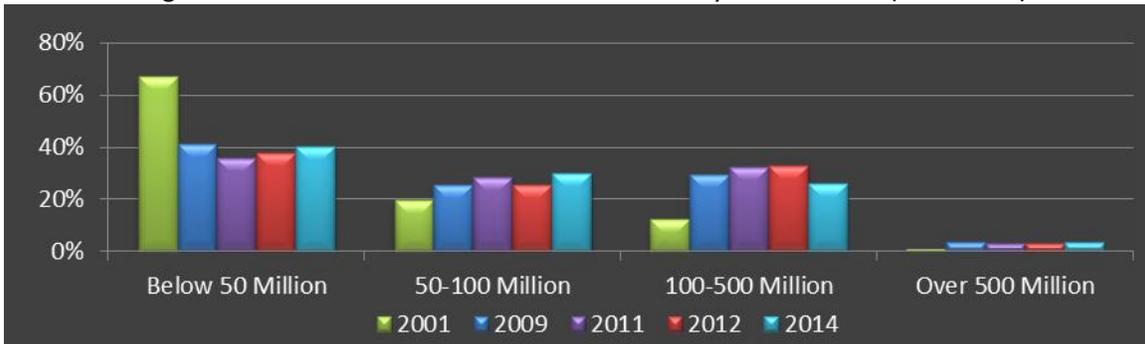
It is notable that the Korean food service sector is still largely composed of small-scale, family-operated businesses as evidenced by the fact that over 90 percent of restaurants and bars in Korea were small businesses that hired less than five employees as of 2014. In addition, over 70 percent of the restaurants and bars in the sector earned less than ₩100 million won (roughly \$90,000) of annual cash register sales. Marketers point out that there are too many restaurants in Korea for the population. Roughly speaking, there is one restaurant per every 90 Koreans. As a result, distribution of products in the food service industry still relies heavily on the traditional channel, which involves multiple layers of small-scale middlemen distributors between the producer and the restaurant. However, restructuring of the sector, mainly fueled by entry of large-scale conglomerates into the sector, has led to a rapid growth of large-scale restaurants and bars, many of them under franchise operation, at the expense of small-scale, independent businesses. The industry restructuring has also coincided with a rapid development of large-scale, broad-line food service distributors that offer streamlined and consolidated product supply to restaurants.

Figure 9: Annual Sales and Total Number of Restaurants & Bars in Korea



Source: Restaurant & Bar Industry Statistics, Korea National Statics Office

Figure 10: Breakdown of Restaurants and Bars by Annual Sales (Unit: Won)



Source: Restaurant & Bar Industry Statistics, Korea National Statics Office

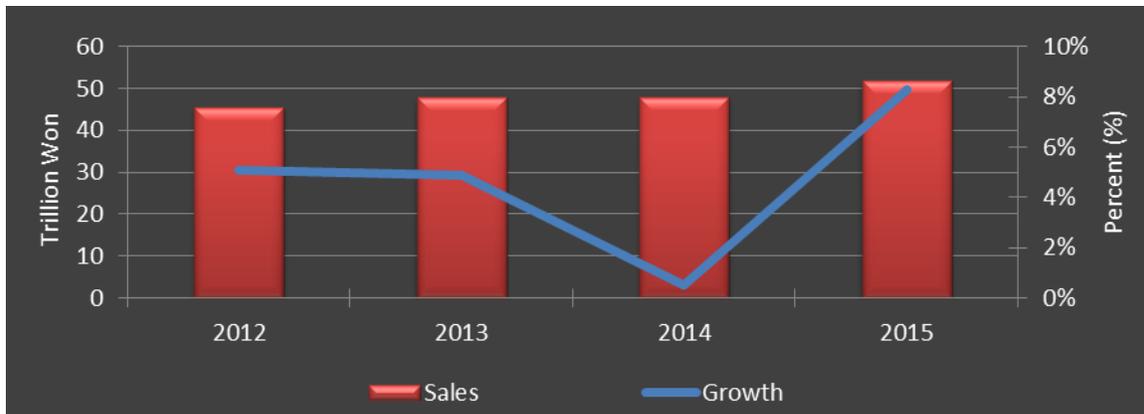
The evolving food service sector is generating new opportunities for imported products that offer new tastes, healthy recipes, added-value, stable supply, and specifications catered to food service industry use, characteristics where U.S. products are competitive.

For further detailed information about the HRI food service sector in Korea, please refer to Korea HRI Food Service Sector Biennial Market Report 2016, KS1604 dated February 11, 2016 (available from www.atoseoul.com or www.fas.usda.gov).

D. Food Processing Sector

Korea maintains a strong food processing industry that manufactures a wide variety of processed food products and food additives. There were over 26,000 food processing companies in Korea as of 2015, which generated ₩ 51.9 trillion won (roughly \$47 billion) of sales, up 8 percent from the previous year.

Figure 11: Annual Sales of Food Processing Industry in Korea



Source: Food Processing Industry Statistics, Korea Ministry of Food & Drug Safety (MFDS)

Alcohol beverages and non-alcohol beverages were the leading categories produced by the Korean processors as of 2015, followed by snacks, bread & bakery products, and coffee & tea. In terms of growth, health functional foods, coffee & tea, snacks, and others category led the growth of the processing industry sales between 2011 and 2015.

Table 8: Breakdown of Food Processing Industry Sales by Product Category (Unit: Billion Won)

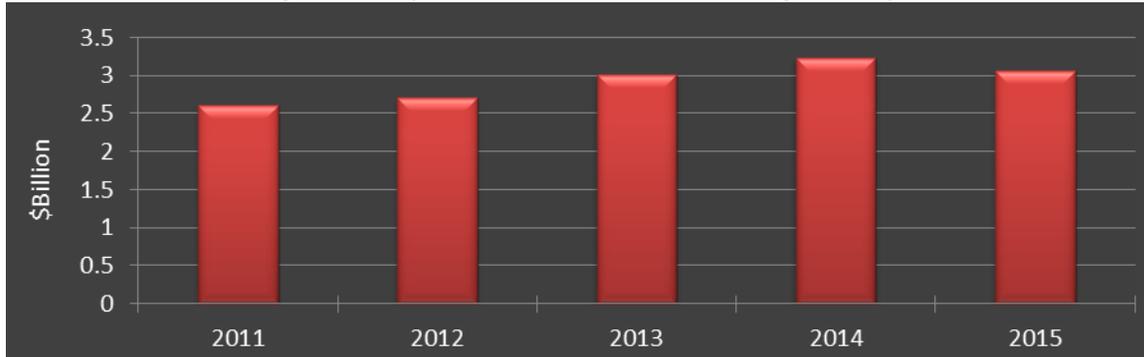
Category	2011	2015	Growth
Alcohol Beverages	4,529	5,329	18%
Non-alcohol Beverages	4,100	4,670	14%
Snacks	2,970	3,738	26%
Bread & Bakery Products	3,403	3,692	8%
Coffee & Tea	2,176	3,214	48%
Ready-to-eat Prepared Foods	2,620	2,983	14%
Noodles	2,526	2,946	17%
Health Functional Foods	1,368	2,219	62%
Fermented & Seasoned Foods	1,769	2,060	16%
Sugars and Syrups	2,213	1,922	-13%
Fat & Oil	1,566	1,754	12%
Food Additives	1,304	1,623	24%
Sauces & Condiments	1,272	1,354	6%
Chocolate Confectionery	1,197	1,261	5%
Processed Meat Products	1,257	1,345	7%
Others	8,973	11,800	31%
Total	43,244	51,910	20%

Source: Food Processing Industry Statistics, Korea Ministry of Food & Drug Safety (MFDS)

The Korean processing industry relies heavily on imports for raw materials, intermediate ingredients and additives because of limited local supply. As a result, the Korean food processing industry offers an outstanding opportunity for imported agricultural products for processing use from basic commodities such as corn and wheat to intermediate ingredients such as whey powder and fruit juice concentrates to food additives such as flavors and coloring agents. About 7 percent of overall production by the Korean food processing industry is currently exported to foreign markets and Korean processors are making extra efforts to expand their export business. The Korean government is also committed to provide the industry with financial and promotional

support to boost industry exports under the “globalization of Korean Food” policy initiative.

Figure 12: Exports of Korean Food Processing Industry



Source: Food Processing Industry Statistics, Korea Ministry of Food & Drug Safety (MFDS)

For further detailed information about the food processing sector in Korea, please refer to [the Korea Food Processing Ingredients Market Report 2016](#), KS1651 dated January 3, 2017 (available from [www.atoseoul.com](#) or [www.fas.usda.gov](#)).

SECTION VI: KOREA’S AGRICULTURAL & FOOD IMPORTS

A. Agricultural & Food Import Statistics

Monthly updated statistics of Korea’s agricultural and food imports, organized by 4-digit HS codes based on the Korea Trade Information Service database (KOTIS, CIF value) is available from the ATO Seoul’s Internet homepage ([www.atoseoul.com](#)). Quarterly presentations that summarize import trends of key products are also available from the site.

B. Best High-value, Consumer-oriented Product Prospects

Product Category	HS Code	2015 Imports (\$ Mil) from World	3 Yr. Avg. Annual Import Growth World	2016 Import Tariff Rates on American Product*	Key Constraints for Market Development	Market Attractiveness for U.S. Suppliers
		USA	USA			
Beef Meat	0201-0202	2,092	11.9%	24%	BSE image, Competition, High tariffs	High price & limited supply of local product
		967	17.6%			
Pork Meat	0203	1,268	5.0%	0% - 9%	Competition, High tariffs	High price & limited supply of local product
		352	1.5%			
Poultry Meat & Offal	0207	193	-12.6%	2.5% - 10.8%	Avian Influenza, Competition	High price & limited supply of local product
		15	-68.6%			

Fish, Live	0301	296	6.6%	0% - 18%	Competition Local taste	High price & limited supply of local product
		11	-5.4%			
Fish, Frozen	0303	1,318	2.5%	0% - 63%	Competition, Safeguard tariffs, Local taste	High price & limited supply of local product
		105	6.0%			
Fish, Fillet	0304	479	6.0%	0% - 8%	Competition, Local taste	High price & limited supply of local product
		69	3.4%			
Crustaceans	0306	851	3.8%	0% - 20%	Competition, Local taste	High price & limited supply of local product
		37	-8.3%			
Cheese & Curd	0406	429	-6.8%	0% - 21.6%	Competition, Safeguard tariffs, Local taste	High price & limited supply of local product
		169	-24.8%			
Nuts	0802	345	-9.1%	0% - 340%	High price, Global demand	Healthy diet trend, Limited local supply
		271	-9.8%			
Citrus Fruits	0805	288	14.2%	0% - 86.4%	Competition, Crop quality, Pest risk	High price & limited/seasonal supply of local product
		257	14.7%			
Grapes	0806	156	-10.7%	0% - 29.1%	Competition, Crop quality, Pest risk	High price & limited/seasonal supply of local product
		33	1.7%			
Cherries, Fresh	0809.20	125	-0.2%	0%	Short shelf life, High shipping cost, Pest risk	No local supply, Demand for new taste
		110	-5.4%			
Processed Fruits & Nuts	0811 - 0814	146	7.5%	0% - 305.7%	Competition	Healthy diet trend, Limited local supply
		33	3.6%			
Coffee	0901	563	3.3%	0%	Competition	Strong growth of café industry, No local supply
		61	36.8%			
Sausages & Similar Products	1601	36	8.3%	0%	Competition, No beef products	Demand for new taste & convenience, Limited local supply
		33	9.7%			
Other Prepared or Preserved Meats	1602	134	5.2%	0% - 43.2%	Competition, No beef products	Demand for new taste & convenience, Limited local supply
		18	7.4%			

Prepared or Preserved Crustaceans	1605	419	4.3%	0% - 8%	Competition, Local taste	Demand for new taste & convenience, Limited local supply
		2	-28.8%			
Sugar Confectionery	1704	196	11.7%	0% - 3.2%	Competition, Local taste	Demand for new taste, Limited local supply
		24	-10.7%			
Chocolate & Food Preparation	1806	338	2.5%	0% - 20%	Competition, Local taste	Demand for new taste, Limited local supply
		79	-8.8%			
Prepared Foods - Cereals	1904	30	-0.1%	0% - 25%	Competition, Local taste	Demand for new taste, Limited local supply
		14	6.4%			
Bread, Pastry, Cakes, etc.	1905	318	4.9%	0% - 3.2%	Competition, Local taste	Demand for new taste, Limited local supply
		59	-11.8%			
Preparations of Vegetables & Fruits & Juices	2001-2009	969	2.7%	0% - 30%	Competition, Local taste	Healthy diet trend, Demand for new taste, Limited local supply
		251	-2.8%			
Sauces & Preparations	2103	207	2.2%	0% - 27%	Competition, Local taste	Demand for new taste, Limited local supply
		31	2.4%			
Soups & Broths	2104	16	19.7%	0% - 2.5%	Competition, Local taste	Demand for new taste, Limited local supply
		5	1.9%			
Ice Cream & Other Edible Ice	2015	30	5.9%	0% - 1.1%	Competition, Local taste	Demand for new taste, Limited local supply
		4	-2.4%			
Food Preparations Not Elsewhere Specified	2106	1,102	8.8%	0% - 301.7%	Competition, Local taste	Demand for new taste, Limited local supply
		668	12.3%			
Flavored Mineral Water	2202	74	6.6%	0% - 3.6%	Competition Local taste	Demand for new taste, Limited local supply
		2	-8.6%			
Beer	2203	182	27.5%	4.2%	Competition, Local taste	Demand for new taste, Limited local supply
		10	15.4%			
Wine	2204	191	2.5%	0%	Competition, High price	Healthy diet trend, Demand for new taste, Limited local supply
		22	1.7%			
Spirits, Liqueurs	2208	218	-7.1%	0% - 8%	Competition, Health concerns	Demand for new taste, Limited local supply
		8	-7.7%			

* For specific tariff rates for individual products in the category, please contact ATO Seoul.

SECTION VII: KEY CONTACTS AND FURTHER INFORMATION

A. USDA/FAS OFFICES IN KOREA

(1) For information about the Korean agricultural market and regulations, please contact:

U.S. Agricultural Trade Office Seoul (ATO)

Korean Address: Room 303, Leema Building, 42 Jongro 1-gil, Jongro-gu, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-ATO, APO, AP 96205-5550

Telephone: +82-2 6951-6848 Fax: +82-2 720-7921

E-mail: atoseoul@fas.usda.gov

Internet homepage: www.atoseoul.com

Agricultural Affairs Office, U.S. Embassy Seoul (AAO)

Korean Address: U.S. Embassy, 188 Sejong-daero, Jongro-gu, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-AgAff, APO, AP 96205-5550

Telephone: +82-2 397-4297 Fax: +82-2 738-7147

E-mail: agseoul@fas.usda.gov

(2) For further information about sanitary/export certificate requirements, please contact:

U.S. Animal Plant and Health Inspection Service Seoul (APHIS)

Korean Address: Room 303, Leema Building, 42 Jongro 1-gil, Jongro-gu, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-APHIS, APO, AP 96205-5550

Telephone: +82-2 725-5495 Fax: +82-2 725-5496

E-mail: yunhee.kim@aphis.usda.gov

Internet Homepage: www.aphis.usda.gov

B. STATE REGIONAL TRADE GROUPS (SRTG)

For information about export assistant programs offered by State Regional Trade Groups, please contact:

Western United States Agricultural Trade Association (WUSATA)

2500 Main Street, Suite 110, Vancouver, WA 98660-2697, USA

Telephone: 360-693-3373 Fax: 360-693-3464

E-mail: export@wusata.org

Website: www.wusata.org

Food Export Association of the Midwest USA

309 W. Washington St., Suite 600, Chicago, Illinois 60606, USA

Telephone: 312-334-9200 Fax: 312-334-9230

E-mail: info@foodexport.org

Website: www.foodexport.org

Food Export USA - Northeast Region of the United States
150 S. Independence Mall West, 1036 Public Ledger Building, Philadelphia, PA 19106, USA
Telephone: 215-829-9111 Fax: 215-829-9777
E-mail: info@foodexport.org
Website: www.foodexport.org

Southern United States Agricultural Trade Association (SUSTA)
2 Canal Street Suite 2515, New Orleans, LA 70130, USA
Telephone: 504-568-5986 Fax: 504-568-6010
E-mail: susta@susta.org
Website: www.susta.org

C. ADDITIONAL SOURCES OF INFORMATION & SUPPORTS

(1) For information on the non-agricultural commercial and industrial products in Korea, please contact:

U.S. Commercial Service
Korean Address: U.S. Embassy, 82, Sejong-ro, Jongro-gu, Seoul, Korea
U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-USCS, APO, AP 96205-5550
Telephone: +82-2 397-4535 Fax: +82-2 739-1628
E-mail: Seoul.office.box@mail.doc.gov
Homepage: www.buyusa.gov/southkorea

(2) The American Chamber of Commerce in Korea (AMCHAM) offers a local network of American businesses by sector, through which its over 1,000 member companies can share market intelligence and collaborate on new business opportunities.

Address: #4501 Trade Tower, 159-1 Samsung-dong, Gangnam-gu, Seoul, Korea
Telephone: +82-2 564-2040 Fax: +82-2 564-2050
E-mail: amchamrsvp@amchamkorea.org
Homepage: www.amchamkorea.org

(3) American State Offices in Korea (ASOK)

- 1) DE : State of Delaware Korea Office
Representative: Mr. Ken Yang
8th Fl., Yulchon Bldg., 20,
Gukjegeumyung-Ro, Youngdungpo-gu, Seoul, 07327, Korea
Tel: +82-2-786-7701 Fax: +82-2-786-7704
E-mail: kyang@kbsinc.co.kr Website: global.delaware.gov

- 2) GA : State of Georgia Korea Office
Managing Director: Mr. Peter Underwood
Director: Ms. Ji-Yeon Kim / Trade Representative: Mr. Seung-hun Lee
Suite 1705, Officia Building, 92 Saemunan-ro, Jongno-gu,
Seoul 03186, Korea

Tel: +82-2-701-3222 Fax: +82-2-701-9858
E-mail: punderwood@georgia.org / jkim@georgia.org / slee@georgia.org
Website: www.georgia.org

- 3) LA : Louisiana Economic Development Korea Office
Representative: Mr. Young-Ho Seo
IKP 508, Heolleung-ro 7, Seocho-gu, Seoul, 06792, Korea
Tel: +82-2-508-8768 Fax: +82-2-6275-5060
E-mail: youngho.seo@la.gov Website: www.opportunitylouisiana.com
- 4) MD : Representative Korea, State of Maryland, United States
Representative: Mr. Thomas (Joosin) Kim
Lotte Castle Gold, Maple tower 2703,
Olympic-Ro, Songpa-gu, Seoul, 05510, Korea
Tel: +82-2-393-8000 Fax: +82-2-401-6644
E-mail: Thomas.Kim@StateOfMaryland.kr , mgk23@kaist.ac.kr
Website: www.StateOfMaryland.kr
- 5) MN : Minnesota Trade Office in Korea
Country Director: Mr. Hank Imm
Suite 56, 22nd Floor, Two IFC, Yeouido, Seoul, 07326, Korea
Tel: +82-10-4400-4510
E-mail: hank.imm@state.mn.us Website: www.mn.gov/deed/trade
- 6) MO : State of Missouri Korea Office
Director: Mr. Joseph Lenox
Seoul Finance Center 4F 136 Sejong-daero, Jung-gu, Seoul, 04520, Korea
Tel: +82 -70- 4322-4414
E-mail: joseph.lenox@missouri-korea.com
Website: www.ded.mo.gov
- 7) MS : State of Mississippi, Korea Rep. Office
Representative: Mr. Seok-Soon Cho
A-1711, 406, Teheran-ro, Gangnam-gu,
(Champs Elysees Center), Seoul, 06192, Korea
Tel: +82-2-548-9125 Fax: +82-2-548-9127
E-mail: sscho59@empas.com, choss.ms@gmail.com
Website: www.mississippi.org
- 8) NC : State of North Carolina Korea Office
Representative: Ms. Hyun-Sook Kim
Invest Korea Plaza 404,
Heolleungno 7, Seocho-gu, Seoul, 06792, Korea
Tel: +82-2-3497-1651
E-mail: hskim@impex.or.kr Website: www.edpnc.com
- 9) OR : Korea Representative Office, State of Oregon
Representative: Dr. Jin-Won (Jim) Kim
Suite 1507, Dongyang Bldg., Sokong-dong 112-6,
Chung-gu, Seoul, 04531, Korea
Tel: +82-2-753-1349 Fax: +82-2-753-5154
E-mail: oregonkorea33@gmail.com Website: www.oregonkorea.org

- 10) OH: State of Ohio Korea Office
Representative: Mr. Heon-Sang (Howard) Jang
Gangnam bldg.16F, Seocho-daero 396, Seocho-gu, Seoul, Korea
Tel. +82-10-3259-6849
E-mail:jang.jobsohio@ocoglobal.com Website: www.jobs-ohio.com
- 11) PA : Commonwealth of Pennsylvania Korea Office
Mr. Steve Shin, Marketing Specialist
8th Fl., Yulchon Bldg.,
20, Gukjegeumyung-Ro, Youngdungpo-gu, Seoul, 07327, Korea
Tel: +82-2-786-7703 Fax: +82-2-786-7704
E-mail: sshin@pennsylvania.or.kr Website: www.pennsylvania.or.kr
- 12) TN : State of Tennessee Korea Office
Director : Ms.Hee-jung Shin
710B, Miwon Bldg. Yoido-dong 43, Youngdeungpo-gu, Seoul, 07333,Korea
Tel: +82-2-6085-5421 Fax: 82-2-783-5421
E-mail: heejung.shin@tn.gov Website: www.tnecd.com / www.tn.gov/ecd
- 13) UT : State of Utah Korea Office
Representative: Ms. Hyun-Sook Kim
Invest Korea Plaza 404,
Heolleungno 7, Seocho-gu, Seoul 06792, Korea
Tel: +82-2-6000-3990~1 Fax:+ 82-2-2205-3388
E-mail: hskim@impex.or.kr Website: www.utah.gov
- 14) VA : State of Virginia Korea Office
Representative: Ms. Julie (Young) Kim
22F, Seoul City Tower, 110, Huam-ro, Jung-gu, Seoul, 04637, Korea
Tel: +82-2-6399-7761 Fax: +82-2-6399-7703
E-mail: jkim@YesVirginia.org Website: www.yesvirginia.org
- 15) VA : State of Virginia Trade Office
Ms. Sophia Lee, Marketing Specialist
8th Fl., Yulchon Bldg., 20, Gukjegeumyung-Ro,
Youngdungpo-gu, Seoul, 07327, Korea
Tel: +82-2-785-7702 Fax: +82-2-786-7704
E-mail: slee@kbsinc.co.kr Website: www.yesvirginia.org
- 16) VA-Port : Virginia Port Korea Office
Representative: Mr. Sang-Yong Lee
Rm.405, Seocho Plaza B/D, Seocho-dong,
Seocho-gu, Seoul, 06644, Korea
Tel: +82-2-739-6248 Fax: 82-2-739-6538
E-mail: vpaseoul@chol.com , slee@vit.org Website: www.vit.org
- 17) Fairfax County Economic Development Authority (FCEDA)
representative: Mr. Charles Kim
Hanhwa Obelisk C-213, Choongmin-ro 5,
Songpa-gu, Seoul, 06841, Korea
I: +82-2-774-0601 Fax: +82-2-774-6646
E-mail: ckim@fceda.org Website: www.fairfaxcountyeda.org

18) WI : Wisconsin Economic Development Corporation Korea Office
 Deputy Director: Ms. Hye-won Shin
 8th Fl., Yulchon Bldg., 20, Gukjegeumyung-Ro,
 Youngdungpo-gu, Seoul, 07327, Korea
 Tel: +82-2-785-7702 Fax: +82-2-786-7704
 E-mail: hshin@kbsinc.co.kr Website: www.inwisconsin.com

APPENDIX: KEY SOCIO-ECONOMIC INFORMATION OF KOREA

Item	Description
Location	Eastern Asia, southern half of the Korean Peninsula bordering the East Sea (Sea of Japan) and the Yellow Sea
Geographic coordinates	37 00 N, 127 30 E
Area	Total: 99,720 sq. km - Country comparison to the world: 109th (slightly larger than State of Indiana) Land: 96,920 sq. km Water: 2,800 sq. km
Coastline	2,413 km
Climate	Temperate, with rainfall heavier in summer than winter
Terrain	Mostly hills and mountains; wide coastal plains in west and south
Natural resources	Coal, tungsten, graphite, molybdenum, lead, hydropower potential
Land use	Agricultural land: 18.1% Arable land: 15.3% (Forest: 63.9%) Permanent crops: 2.2%
Natural hazards	Occasional typhoons bring high winds and floods; low-level seismic activity common in southwest Volcanism: Halla (elev. 1,950 m) is considered historically active although it has not erupted in many centuries
Ethnic groups	Homogeneous
Religions	Christian 31.6% (Protestant 24%, Roman Catholic 7.6%), Buddhist 24.2%, other or unknown 0.9%, none 43.3% (2010 est.)
Languages	Korean, English (widely taught in junior high and high school)
Population	51,181,299 (July 2017 est.) - country comparison to the world: 27th
Age structure	0-14 years: 13.21% 15-64 years: 72.67% 65 years and over: 14.12% (2017 est.)
Population growth	0.48% (2017 est.) - comparison to the world: 153th
Urbanization	Urban population: 82.7% of total population (2017)
Major Urban Areas	Seoul (capital) 9.774 million; Busan 3.216 million; Incheon 2.685 million; Daegu 2.244 million; Daejeon 1.564 million; Gwangju 1.536 million (2015)
Life expectancy at birth	Total population: 82.4 years Country comparison to the world: 12th
School Life Expectancy	Total 17 years

Capital	Name: Seoul
	Geographic coordinates: 37 33 N, 126 59 E
	Time difference: UTC+9 (14 hours ahead of Washington, DC during Standard Time)
Administrative divisions	9 provinces (do, singular and plural) and 7 metropolitan cities (gwangyoksi, singular and plural)
	Provinces: Chungcheong-bukdo (North Chungcheong), Chungcheong-namdo (South Chungcheong), Gangwon, Gyeonggi, Gyeongsang-bukdo (North Gyeongsang), Gyeongsang-namdo (South Gyeongsang), Jeju, Jeolla-bukdo (North Jeolla), Jeolla-namdo (South Jeolla)
	Metropolitan cities: Busan (Pusan), Daegu (Taegu), Daejeon (Taejon), Gwangju (Kwangju), Incheon (Inch'on), Seoul, Ulsan
Independence	15 August 1945 (from Japan)
Legal system	Mixed legal system combining European civil law, Anglo-American law, and Chinese classical thought
	Elections: president elected by popular vote for a single five-year term; election last held in December 2012; prime minister appointed by president with consent of National Assembly
International organization participation	ADB, AfDB (nonregional member), APEC, ARF, ASEAN (dialogue partner), Australia Group, BIS, CD, CICA, CP, EAS, EBRD, FAO, FATF, G-20, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), LAIA (observer), MIGA, MINURSO, NEA, NSG, OAS (observer), OECD, OPCW, OSCE (partner), Pacific Alliance (observer), Paris Club (associate), PCA, PIF (partner), SAARC (observer), SICA (observer), UN, UN Security Council (temporary), UNAMID, UNCTAD, UNESCO, UNHCR, UNIDO, UNIFIL, UNISFA, UNMIL, UNMISS, UNMOGIP, UNOCI, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO, ZC
GPD (purchasing power parity)	\$1.934 trillion (2016 est.) Country comparison to the world: 15th
GDP (official exchange rate)	\$1.411 trillion (2016 est.)
GDP composition by sector	Agriculture: 2.2%
	Industry: 38.6 %
	Services: 59.2% (2016 est.)
Labor force	27.25 million (2016 est.)
Unemployment	3.7% (2016 est.)
Household income or consumption by	Lowest 10%: 6.8%
	Highest 10%: 48.5% (2015 est.)
Distribution of family income - Gini index	34.1 (2015 est.)
	Country comparison to the world: 99 th
Inflation rate	1% (2016 est.)
Commercial bank prime lending rate	3.37% (31 December 2016)
Agriculture - products	Rice, root crops, barley, vegetables, fruit; cattle, pigs, chickens, milk, eggs; fish
Industries	Electronics, telecommunications, automobile production, chemicals, shipbuilding,

	steel
Current account balance	\$98.68 billion (2016 est.)
Exports	\$511.8 billion (2016 est.) Country comparison to the world: 6th
Exports - commodities	Semiconductors, petrochemicals, automobile/auto parts, ships, wireless communication equipment, flat display displays, steel, electronics, plastics, computers
Exports -partners	China 25.1%, US 13.5%, Hong Kong 6.6%, Vietnam 6.6%, Japan 4.9% (2016)
Imports	\$391.3 billion (2016 est.) Country comparison to the world: 11th
Imports - commodities	Crude oil/petroleum products, semiconductors, natural gas, coal, steel, computers, wireless communication equipment, automobiles, fine chemical, textiles
Imports - partners	China 21.4%, Japan 11.7%, US 10.7%, Germany 4.7% (2016)
Exchange rate: South Korean won (KRW) per US dollar	1,160.8 (2016 est.)
	1,160.8 (2015 est.)
	1,131.0 (2014 est.)
	1,053.0 (2013 est.)

Source: The CIA World Factbook (www.cia.gov)