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Beer Market Report

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Product Brief

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Report Highlights:

The imported beer market in South Korea continues robust growth due to strong consumer demand for products of diversified taste and higher quality. Korea's beer imports totaled \$263 million in 2017, up 45 percent from the previous year. Imports from the United States amounted to \$17 million during the period, up 79 percent. While American beer faces elevated competition against export-oriented competitors, emerging demand for premium quality craft beer among the opinion-leading beer consumer groups should expand export opportunities for American beer to Korea in the coming years.

General Information:

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SECTION I: MARKET OVERVIEW

- South Korea's (herein after referred to Korea) beer imports totaled \$263 million in 2017, up 45 percent from 2016 (CIF value inclusive of freight and insurance). In terms of volume, imports totaled 331 million kilograms, up 50 percent. Despite the slowdown of the Korean economy, Korea's beer imports have continued robust growth in recent years due to increased consumer demand for products of diversified taste and higher quality.
- Korea's beer imports from the United States amounted to \$17 million in 2017, up 79 percent from 2016 (in terms of volume, totaled 22 million kilograms, up 102 percent). The United States was the seventh largest supplier of imported beer to Korea following Japan, China, Belgium, Germany, Ireland and the Netherlands. Although imports of American beer saw a sharp growth in 2017, a significant part of the growth was due to Budweiser's switch from local brewing in Korea to imports from American breweries. The United States still lagged behind major competitors and maintained a minor market share (6.6 percent in value or 6.7 percent in volume) in the imported beer market in Korea. Major competitors rely more on export markets and deploy aggressive pricing and consumer promotion strategies in Korea.
- The amount of beer supplied in Korea totaled 2.2 trillion won (before liquor taxes, about \$2 billion, \$1 = 1,100 Korean won) or 2.2 billion liters as of 2016. Beer remained the most consumed alcohol beverage by accounting for 43 percent of all alcohol beverages supplied in the market in value (or 60 percent in volume). The beer market saw solid growth in recent years due to: increased demand for value consumption under the downturn of the local economy; elevated consumer health concerns that favor products with less alcohol content; increased demand for products of diversified taste and quality; and increased alcohol beverage consumption among the female population.
- The beer market in Korea has been dominated by domestic breweries as indicated by the fact that locally brewed beer accounted for 90 percent of the beer supplied in the market in value (or 91 percent in volume) as of 2016. The domestic beer industry has been driven by a small number of large-scale breweries over the years because of the high entry barrier set by the Korean government. The environment of limited market competition has led the large-scale domestic breweries to maintain a conservative product portfolio over the years which was focused on a limited assortment of low price, low quality products.
- However, the Korean government has been pressured to introduce reforms in its alcohol beverage industry regulations to lower the entry barrier and allow small-scale ("micro") breweries to emerge and meet the increased consumer demand for diversity and quality. In particular, the reform introduced in January 2015 laid out a key milestone in the local microbrew industry as it allowed microbreweries to distribute products outside their premises through non-affiliated restaurants and pubs. Another key reform scheduled to take effect in August 2018 will expand microbreweries' distribution to grocery retail stores and wholesalers. Increased market prospective under these reforms has led to openings of many new microbreweries throughout Korea over the last couple of years. However, the local microbrew industry is still in its infancy and accounts for less than one percent of the overall beer market sales in Korea. Their penetration is very limited to key metropolitan areas. Nevertheless, growth of the local microbrew industry should help reduce the influence of large-scale breweries in the market while cultivating consumer taste for premium quality imported beer.

- Despite the challenging market environment, Korea offers an excellent export opportunity for American beer. In particular, emerging demand for premium quality beer among the opinion-leading beer consumer groups should expand the exports of American craft beer to Korea in the coming years. Additionally, introductions of major large-scale American beer brands into the market should strengthen the value proposition of American beer to general consumers. The import duty on American beer was phased out to zero as of January 1, 2018 under the Korea-United States Free Trade Agreement (KORUS FTA).

Table 1: Opportunities & Challenges in the Korean Beer Market

Opportunities	Challenges
Korea's beer imports continue a robust growth as Korean beer consumers maintain a strong demand for products of diversified taste and better quality.	The beer market in Korea has been driven by large-scale local breweries over the years that offer a strong portfolio of value-oriented products. Despite rapid growth of imported beer, domestic beer still accounts for a dominant share of the overall beer market sales in Korea.
There is an emerging demand for premium quality beer among young professionals and affluent seniors. Many of the opinion-leading beer consumers are well-traveled and recognize the United States as a leading origin of premium quality, craft beer in the world.	Major competitors have outpaced the United States in the imported beer market in Korea. The competitors are export-oriented and deploy aggressive promotions in Korea.
Beer remains the most consumed alcohol beverage in Korea. Beer consumption has continued a solid growth in recent years due to: increased demand for value under the downturn of the local economy; strong consumer health concerns; increased demand for products of diversified taste and quality; and increased alcohol beverage consumption among the female population.	The general beer consumers in Korea lack an understanding of and experience with premium quality American craft beer. The high retail price of imported craft beer is a major barrier that restricts further expansion of consumption. Furthermore, there is no product definition or identity established in Korea that would guide local consumers to differentiate American craft beer from the rest of the imported beer.
Reduction of the import duty on American beer under the KORUS FTA strengthens the value proposition of American beer in Korea.	American craft breweries in general have limited resources to divert their attention to the export markets. As a result, Korean buyer's solid interest to bring new American craft beer into Korea often finds a weak response.

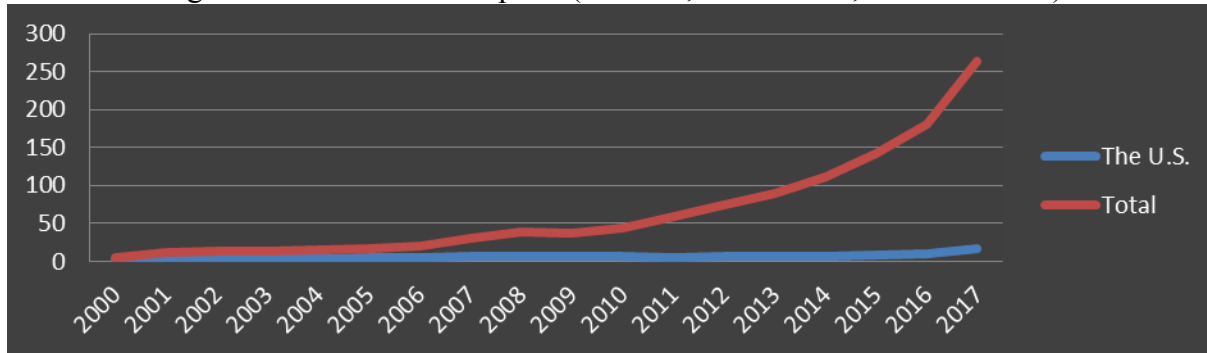
SECTION II: MARKET SECTOR OPPORTUNITIES AND THREATS

1. KOREA'S BEER IMPORTS & COMPETITION

- Korea's beer imports have more than tripled over the last five years. Considering the strong consumer demand for products of diversified taste and higher quality, Korea is likely to generate

double digit growth for beer imports in the coming years.

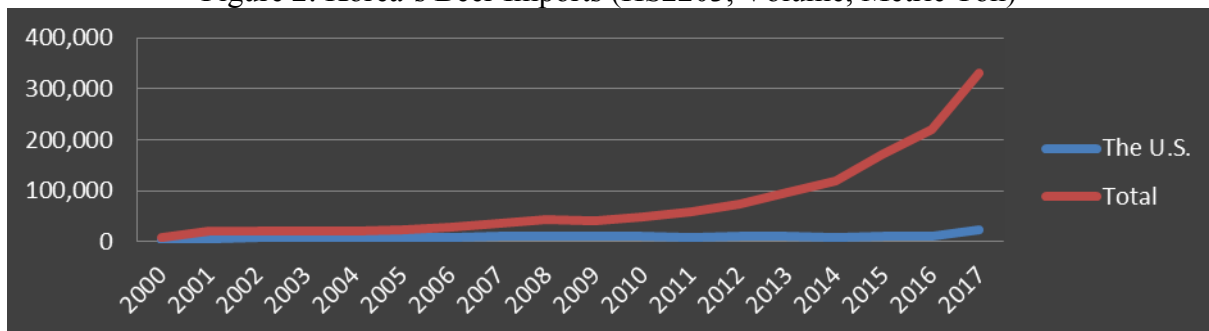
Figure 1: Korea's Beer Imports (HS2203, CIF Value*, \$Million USD)



Source: Korea Trade Information Service (KOTIS) Database, www.kita.net

*Note: CIF value is inclusive of freight and insurance

Figure 2: Korea's Beer Imports (HS2203, Volume, Metric Ton)



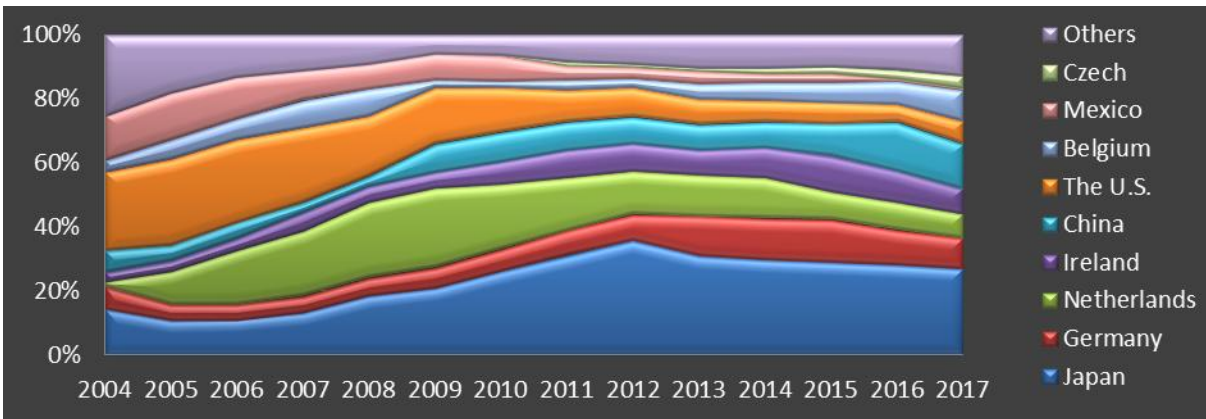
Source: Korea Trade Information Service (KOTIS) Database, www.kita.net

- Japan remained the leading supplier of imported beer to Korea by shipping \$71 million in 2017, up 40 percent from 2016. Many of the leading Japanese breweries have developed direct business partnerships with leading Korean breweries for efficient penetration into the Korean market. Marketers also point out that Korean consumers' developed taste for lager style beer (as Korean breweries have mainly marketed lager style beer over the years) is another key reason for Japanese beer's early success in Korea (Japanese breweries' main focus has also been lager style beer). Japan is about the only major trading partner of Korea that has yet to establish a free trade agreement with Korea. As a result, Japanese beer is still disadvantaged by the 30 percent import duty upon entry into Korea. Nevertheless, Japan's logistic advantage for shipping to Korea as well as Japanese breweries' aggressive pricing and consumer promotion strategy has enabled Japan to establish the leading market share in Korea's imported beer market, particularly in the leading distribution channels for imported beer, hypermarket grocery stores and franchise beer pub restaurants.
- China has rapidly emerged as a leading exporter of beer to Korea partly due to a rapid increase of Chinese tourists traveling to Korea (about 8 million as of 2016) as well as non-immigrant Chinese people living in Korea under work visas (about 1 million as of 2016). In addition, some of multinational beer companies bring products from their Chinese breweries into Korea at lower cost. China remained the second largest exporter of beer to Korea by shipping \$38 million in 2017, up 43 percent from 2016. The 30 percent import tariff on Chinese beer is scheduled to

phase out over a 20 year period under the China-South Korea Free Trade Agreement implemented in December 2015.

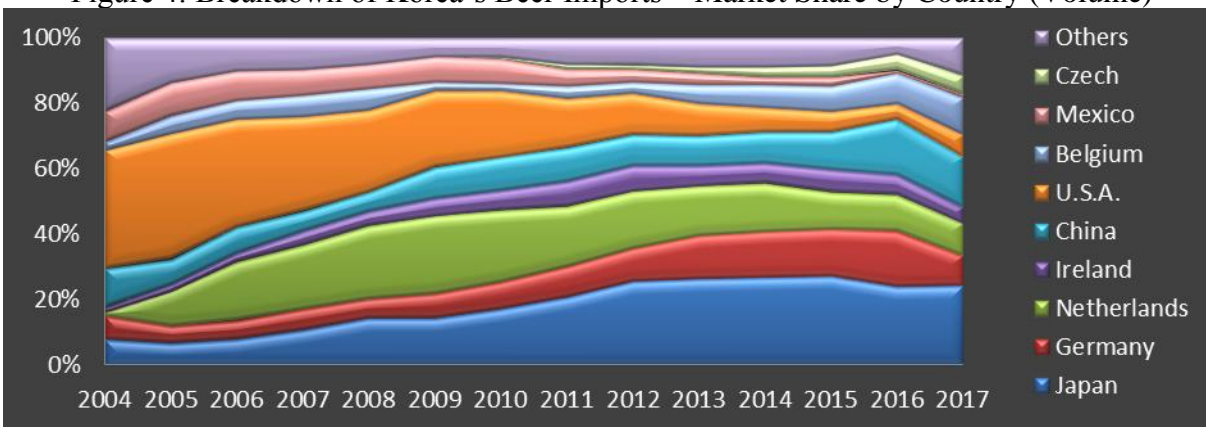
- Many Korean consumers harbor the idea that Europe is the leading source for quality beer around the world. As a result, many European countries, including Germany, the Netherlands, Ireland and Belgium, have established strong market share in Korea's imported beer market. Korea's beer imports from key European suppliers in 2017 amounted to \$26 million for Belgium (up 100 percent from 2016); \$25 million for Germany (up 24 percent); \$21 million for Ireland (up 12 percent); and \$20 million for the Netherlands (up 31 percent). Imported beer from European Union (EU) countries now enters Korea duty free under the Korea-EU Free Trade Agreement implemented on July 1, 2011.
- American beer has not been as successful in expanding (or maintaining) its market in Korea over the years as indicated by the fact that the market share held by the United States in Korea's imported beer market has declined from 24.3 percent in 2004 down to 6.6 percent in 2017 in terms of value. Marketers point out that major competitors have outperformed American beer in the key distribution channels for imported beer, hypermarket grocery stores and franchise pub restaurants, based on more aggressive pricing and promotions.
- Despite many challenges, Korea offers an excellent export opportunity for American beer. There is no official data available to track separately imports of craft beer. However, according to a report by the American Craft Brewers Association (AOB), exports of American craft beer to the Asia-Pacific market totaled \$20 million in 2016, up 12.9 percent from the previous year, and Korea was one of the top export markets in the region. Over two-thirds of the imported American craft beer is reportedly distributed through off-premise retail stores, including hypermarket grocery, department, and independent premium liquor stores ("bottle shops"). On the other hand, marketers point out that American craft beer's penetration into the on premise market (restaurants and pubs) is somewhat challenged due to increased competition from both the local craft beer industry and other foreign beer. Limited product offers in keg packaging is also a challenge for many American craft beer suppliers that target on premise market. Introductions of major, large-scale American beer brands such as Budweiser, Miller and Coors, should also expand the market for overall American beer in Korea by strengthening the value proposition to the general beer consumers. These large-scale American breweries have established distribution partnerships with leading Korean breweries that have a strong reach into major on and off premise market channels.

Figure 3: Breakdown of Korea's Beer Imports – Market Share by Country (Value)



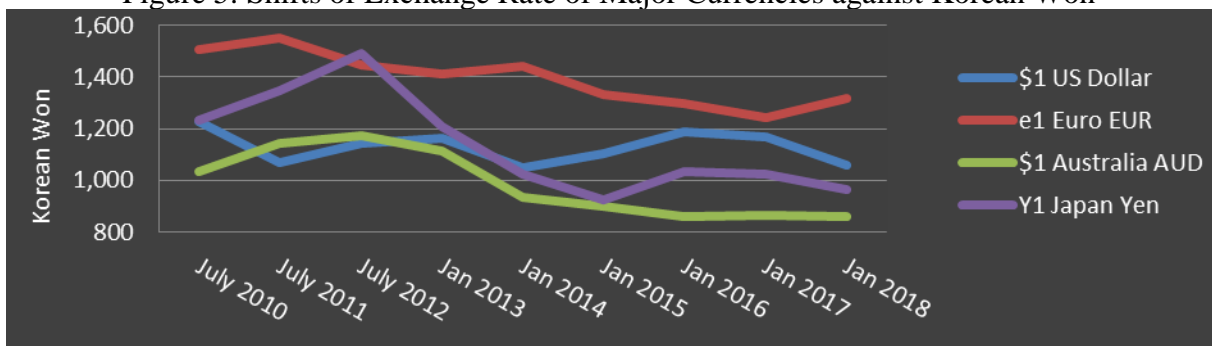
Source: Korea Trade Information Service (KOTIS) Database

Figure 4: Breakdown of Korea's Beer Imports – Market Share by Country (Volume)



Source: Korea Trade Information Service (KOTIS) Database

Figure 5: Shifts of Exchange Rate of Major Currencies against Korean Won



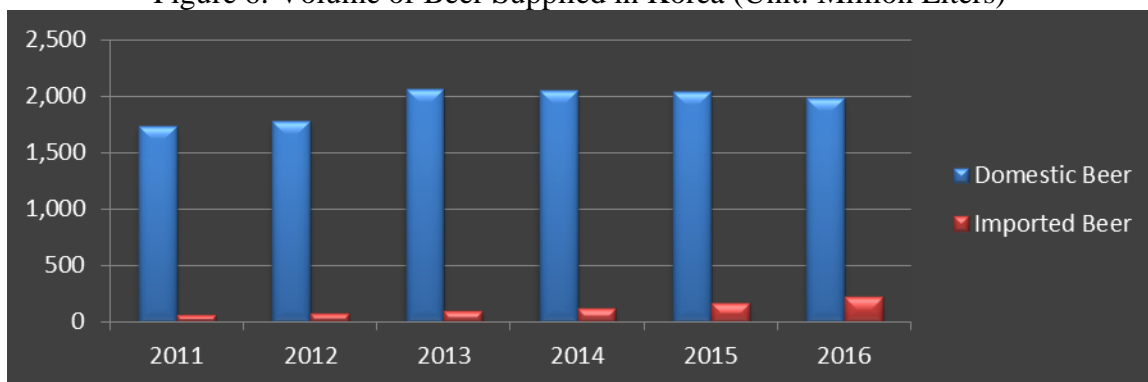
Source: Korea Exchange Bank

- The value of the Korean won has gone through significant shifts against major international currencies ever since the Asian economic crisis back in 1998. It is notable that retail price of imported beer in Korea is directly affected by currency exchange rate shifts. The value of the U.S. dollar and Japanese yen has been on a significant decline since mid-2017 whereas the euro strengthened against the Korean won.

2. DOMESTIC KOREAN BEER PRODUCTION

- Domestic breweries in Korea generated W2.0 trillion won of sales (net value of products supplied to the market exclusive of liquor taxes) in 2016, down 3 percent from 2015. In terms of volume, domestic breweries sold 2.0 billion liters in 2016, down 3 percent from 2015. Although domestic beer continues to dominate the market, domestic beer production is likely to see a stagnant growth in the coming years due to increased consumer demand for imported beer.

Figure 6: Volume of Beer Supplied in Korea (Unit: Million Liters)



Source: Korea Alcohol Beverage Industry Association, Korea Wine & Spirits Importers Association

- The domestic beer industry has long been driven by two large-scale local breweries, Oriental Brewery Company Co., Ltd. (OB) and Hite-Jinro Co. (Hite). Industry data indicates that OB and Hite accounted for 60 percent and 26 percent of the overall beer market sales in 2017 respectively. Lotte Chilsung, another large-scale domestic brewery, entered the industry by launching ‘Kloud’ brand in 2014. Lotte Chilsung took 4 percent of the beer market share in 2017.

Table 2: Overview of Leading Korean Breweries

	Oriental Brewery Company Ltd. (OB)	Hite-Jinro Co. (Hite)	Lotte Chilsung Co. (Lotte)
Major Brands	Cass, OB, Cafri	Hite, Max, Stout, Filite	Kloud, Fitz
Imported Brands	Budweiser, Hoegaarden, Corona, Beck's, Stella Artois, Leffe, Löwenbräu, Suntory	Carlsberg, Kirin, Singha, Kronenbourg, Tooheys Brothers	Miller, Coors, Bluemoon, Asahi
Internet Home-page	www.obbeer.co.kr	www.hitejinro.com	www.kloudbeer.com

- It is notable that OB was acquired by Anheuser-Busch (AB) InBev in 2014. As a result, OB currently brews and bottles some of AB InBev portfolio, including Hoegaarden, in Korea for local distribution. In addition, OB imports and distributes many of AB InBev portfolio into Korea, including Budweiser, Corona, Beck's, Stella Artois, Leffe and Löwenbräu (Budweiser was switched from local brewing to imports from the United States in 2017). Hite-Jinro and Lotte Chilsung have also established import distribution partnerships with some of leading international beer companies to cope with increased market demand for imported beer.
- Korean regulation requires very low minimum use of malt (10 percent of total starch ingredients)

in brewing beer. As a result, the leading domestic breweries use a large amount of non-malt grains such as wheat and rice for lower cost. They have also focused on lager style beer over the years, reflecting general Korean consumers' preference for dry, refreshing taste. However, evolving taste of local consumers has pressured the local breweries to newly launch or expand production of ale type beer as well as products with more malt and hops. Nevertheless, the main focus of the leading local breweries is a limited assortment of low-price, low quality beer targeting mass distribution.

- The Korean government maintains a high entry barrier for establishing a regular brewery license, which allows distribution of the product to off-premise retail stores (supermarkets and liquor shops) and alcohol beverage wholesalers. A regular brewery license requires a minimum 250,000 liters of fermentation tank and 500,000 liters of holding tank capacity.
- A series of reforms that the Korean government has introduced since 2002 to promote development of small-scale breweries has seen openings of many new microbreweries throughout the country in recent years. The number of microbreweries in Korea increased sharply from 58 in 2014 to 85 in 2016. However, marketers point out that the Korean government regulation still presents a significant barrier for the microbrew industry to grow further. In particular, beer is subject to a high liquor tax (72 percent) and the liquor tax is based on the value of the product, which disadvantages higher cost micro-beer.

Table 3: Korean Government Regulations for Small-scale Breweries

Category	Regulations
Production Facility & Equipment	1) Brew & Fermentation tank: Minimum 5,000 liters / Maximum 75,000 liters (scheduled to increase to 120,000 liters from August 2018). 2) Filtration & sterilization process is required unless the product is distributed through temperature-controlled distribution chain.
Distribution & Sales	1) Sales through directly owned retail outlets are allowed. 2) Sales to non-affiliated retail outlets are allowed only to on premise retail outlets (restaurants or pubs). 3) Sales to off premise retail outlets (supermarkets and liquor shops) or alcohol beverage wholesalers will be allowed from August 2018.

3. ALCOHOL BEVERAGE MARKET TRENDS IN KOREA

- Korea is one of the leading markets in the world for per-capita alcohol beverage consumption. Drinking is considered an important part of social life and is often encouraged at social and business occasions. Although drinking is decreasing among the elderly population for health concerns, the market is gaining new drinkers from the young and female population.
- The amount of alcohol beverages supplied in Korea totaled W5.1 trillion won (about \$4.6 billion, net value of products exclusive of liquor taxes) or 3.7 billion liters in 2016, down 1 percent and 2 percent from the previous year respectively. Beer and soju (traditional Korean hard liquor distilled from sweet potato/tapioca/rice/other starch ingredients and then diluted to about 18 percent alcohol content) together accounted for 76 percent of the alcohol beverages supplied to the market in terms of value (or 85 percent in terms of volume).

Table 4: Net Value of Alcohol Beverages Supplied in Korea (2016, Billion Won)

Product Category	Local Products	Imported Products	Sub-Total
Beer	1,975	193	2,169
Soju	1,697	1	1,697
Distilled Spirits	24	200	224
Rice Wine	470	18	487
Fruit Wine*	102	206	307
Others	140	42	181
Total	4,407	659	5,066

Source: Korea Wine & Spirits Importers Association (based on Korea Tax Service data)

*Note: Local products under Fruit Wine category includes all wine made from fruits. Imported fruit wine refers to grape wine only.

Table 5: Volume of Alcohol Beverages Supplied in Korea (2016, Million Liters)

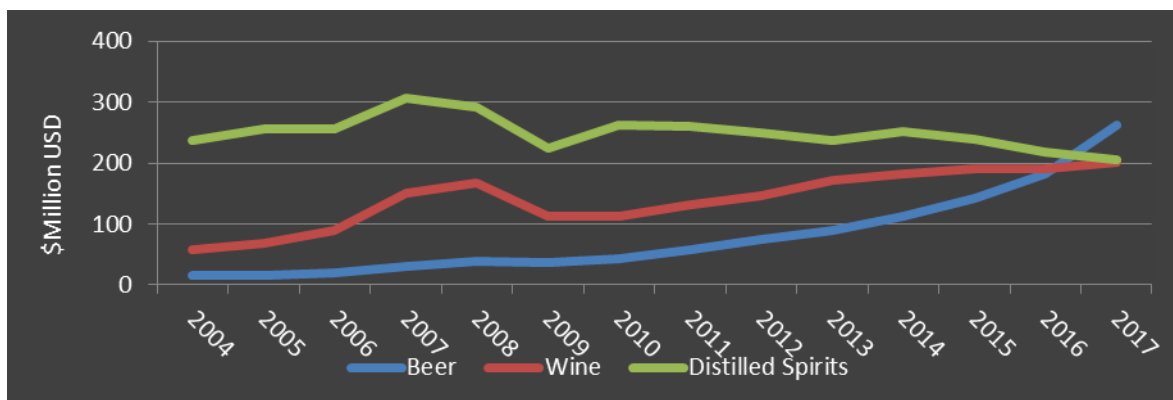
Product Category	Local Products	Imported Products	Sub-Total
Beer	1,979	221	2,199
Soju	933	0	934
Distilled Spirits	4	25	30
Rice Wine	418	4	423
Fruit Wine*	17	38	55
Others	31	22	53
Total	3,383	311	3,694

Source: Korea Wine & Spirits Importers Association (based on Korea Tax Service data)

*Note: Local products under Fruit Wine category includes all wine made from fruits. Imported fruit wine refers to grape wine only.

- Increased health concerns among the general public is increasing the demand for products with less alcohol content such as wine and beer. Soju has shown a steady performance in recent years mainly backed by continued launchings of new products that contained less alcohol.
- While local products dominate the market for beer and soju, imported products continue to lead the market for distilled spirits and fruit wine. While imports of distilled spirits are stagnating mainly due to increased health concerns, Korean consumers' strong demand for diversified taste is likely to generate additional imports for wine, beer and sake (rice wine) in the coming years.

Figure 7: Korea's Alcohol Beverage Imports



Source: Korea Trade Information Service Database (Beer HS2203; Wine HS2204; Distilled Spirits HS2208)

4. MARKET ENTRY STRATEGY

- By law, only licensed liquor importers are allowed to import alcohol beverages, including beer. There is no ceiling on the number of licenses issued, so any qualified candidate can obtain a liquor import license. Currently there are over 500 licensed liquor importers, but marketers estimate that only about 50 of them currently maintain an active business. Moreover, a dozen leading importers reportedly account for over 70 percent of total imports.
- Mainly due to the on-going economic downturn, Korean alcohol beverage importers in general currently maintain a very conservative stance when it comes to launching new products. The importers may not react to new product offers from foreign suppliers unless the product in question indicates strong market potential particularly in terms of: international acclaims earned by the product (awards, critics' favorable evaluations, etc.); value-quality proposition in comparison to leading products in the target market; and promotional support offered by the supplier.
- Korean traders highly value face-to-face contacts when developing business relationship with new foreign suppliers. Personal visits to Korea allow new-to-market suppliers to gain contacts with Korean importers as well as hands-on knowledge about local market trends. Contact information of Korean alcohol beverage importers is available from ATO Seoul upon request. Facility and equipment of ATO Seoul, including meeting rooms and a small kitchen are also available to new-to-market suppliers.
- Trade shows are an efficient venue for new-to-market American suppliers to develop contacts with a large number of Korean buyers. American beer suppliers are encouraged to consider the following food and beverage trade shows in Korea:
 - 1) Seoul Food & Hotel (www.seoulfoodnhotel.co.kr) is the leading food trade show held annually in Korea. This is the only show in Korea that is officially endorsed and sponsored by USDA/FAS. The up-coming 2018 show will be held May 1-4. For registration information, please contact the American Pavilion organizer, Oak Overseas (rhood@oakoverseas.com).
 - 2) The Seoul International Wines & Spirits Expo (www.swsexpo.com) is an important annual event dedicated to alcohol beverage products. The 2018 show will be held April 26-

28. ATO Seoul and the American Brewers Association plans to organize a ‘Great American Craft Beer Showcase Seoul’ booth in the show to present a variety of American craft beer.

- Various regional and industry organizations in the United States offer export assistance programs to their member suppliers targeting foreign markets. General tools offered by the organizations include trade delegations to key foreign markets.

1) American Brewers Association (ABA)

736 Pearl Street, Boulder, CO 80302

Telephone: 303-447-0816

E-mail: info@brewersassociation.org

2) Food Export Association of the Midwest USA

309 W. Washington St., Suite 600

Chicago, Illinois 60606

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

E-mail: thamilton@foodexport.org

Website: www.foodexport.org

3) 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: janet@wusata.org

Website: www.wusata.org

4) Food Export USA Northeast

150 S. Independence Mall West, 1036 Public Ledger Building

Philadelphia, PA 19106, USA

Telephone: 215-829-9111 Fax: 215-829-9777

E-mail: jcanono@foodexportusa.org

Website: www.foodexportusa.org

5) 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: jim@susta.org

Website: www.susta.org

SECTION III: MARKET ACCESS

1. IMPORT TARIFF AND TAXES

- Korea applies a complicated tariff and tax system to imported alcohol beverages. The table below summarizes tariff and local taxes applied to imported American beer as of 2018.

Table 6: Korean Import Tariff & Taxes on Imported American Beer

Product	Import Tariff	Liquor Tax	Education Tax	Value Added Tax
Beer	0%	72%	30%	10%

- The following table illustrates the effects of import tariff and local taxes on a bottle of \$1 (CIF import value) American beer imported into Korea:

Table 7: Effects of Import Tariff and Taxes

A	CIF* Invoice Value	\$1.000
B	Import Tariff: A x 0%	\$0.000
C	Liquor Tax: (A+B) x 72%	\$0.720
D	Education Tax: C x 30%	\$0.216
E	Subtotal: (A+B+C+D)	\$1.936
F	Value Added Tax **: E x 10%	\$0.194
G	Handling fees for customs clearance ***: A x 8%	\$0.080
H	Total cost of beer upon customs clearance: (E+F+G)	\$2.210

Note*: CIF is an export price upon arrival in a port in Korea inclusive of insurance and freight cost. Value of one time use plastic keg container is recognized as part of the CIF product value. Freight cost should be high if the product is shipped in a temperature controlled sea container or air cargo.

Note**: The paid Value Added Tax (VAT) is eventually refunded to the importer as the tax is carried over to the consumer.

Note***: In addition to import tariff and taxes, additional cost of about 8 percent of CIF value will occur for miscellaneous expenses during the customs clearance process, including paperwork, inspection, warehousing, and transportation. The amount of this additional cost depends mainly on the kind of inspection to which the shipment is subject. For example, warehousing fee and inspection fee will increase significantly if a detailed chemical inspection is required instead of documentary inspection.

2. INSPECTIONS AND FOOD SAFETY STANDARDS

- The Korean government has implemented 'Special Act on Imported Food', which mandates advance registration of foreign facilities for product shipping to Korea. For details of the new regulation, please refer to the [GAIN Report](http://www.fas.usda.gov) on the subject published by FAS Seoul (available at www.fas.usda.gov). As noted in the report, foreign facility includes not only food processing/manufacturing facilities but also packing houses, grain storage facilities (such as export elevators) and fishery plants that ship products to Korea. The Act intends to develop a traceability system on imported food and agricultural products.
- Imported foods and beverages, including alcohol beverages, are subject to food safety inspections. There are two kinds of inspections: detailed inspection (chemical analysis) and visual inspection (document inspection). The first commercial shipment of new-to-market product is mandated to a detailed inspection, which under Korean law should take no longer than 10 working days (in case of incubation test, up to 14 working days). In practice, however, importers claim that it could take longer. For detailed inspection, importers are required to submit one sample bottle of each product to the inspection authority along with detailed product information such as major ingredient list and processing flow chart. Once detailed inspection on the first shipment confirms no potential health concerns, subsequent shipments of the same product will be subject to visual (documentary) inspections. Visual inspection should take no longer than 3 working days provided that the product in the subsequent shipment is identical to the product in the first shipment with respect to label, product name, ingredients, and net volume (vintage change is not recognized as a reason for detailed inspection). However, local authority maintains a policy to require detailed inspections randomly on a significant portion of subsequent shipments of identical products. For more information about Korean regulations and

standards on imported agricultural products, please refer to [FAIRS Country Report \(Food and Agricultural Import Regulations and Standards\)](#) published by the Agricultural Affairs Office of the U.S. Embassy Seoul (available at www.fas.usda.gov under Data & Analysis section).

- When a new food safety issue arises, the local authority may enforce additional safety standards and mandatory tests on the imported products associated with the risk. For example, Chinese distilled spirits have been subject to an additional chemical inspection for contamination by environmental hormones recently after the issue was publicized by the local press.
- The table below summarizes key Korean food safety standards for beer designated in the Korea Food Code and the National Tax Office Decree:

Table 8: Key Korean Food Safety Standards for Beer

Product	Issue	Standards
Beer	Major ingredients	Malt (barley and wheat), Hop, Water, Starch ingredients (including wheat, rice, barley, corn, potato, and starch) are allowed to brew beer.
	Methanol	0.5 mg/ml or less
	Alcohol content	(1) 25% (v/v) or less (2) Labeled alcohol content should be within 0.5% point from actual content measured
	Additives allowed	Aspartame, Stevioside, Sorbitol, Sucralose, Lactose, Acesulfame K, Erythritol, Xylitol, Milk, Milk powder, Milk cream, Casein, Arabic gum, Pectin, Carbon dioxide gas, Sugars, Caramel, Tannic acid, All coloring and flavoring agents allowed in the Korea Food Additive Code

- Use of additives such as preservatives and coloring agents in alcohol beverages is subject to the Korea Food Additive Code administered by the Korea Ministry of Food & Drug Safety (MFDS). Designated uses and tolerance levels of each additive are established on a product-by-product basis. This sometimes creates difficulties for American suppliers as uses and tolerances set in Korea can vary from international CODEX standards and/or American standards. An English version of the Korea Food Additive Code is available for view from MFDS's internet homepage (http://www.mfds.go.kr/fa/ebook/egongjeon_intro.jsp).

3. LABELING

- Korean law requires a separate Korean language label on imported alcohol beverages. In most cases, the Korean language label (sticker) is attached to the back of the bottle manually by the importer in the duty-free warehouse before customs inspection. The Korean language label should contain the following information:
 - 1) Product name
 - 2) Country of origin
 - 3) Product type
 - 4) Product volume
 - 5) Importer's name and phone number
 - 6) Alcohol percentage

- 7) Names of major ingredients
 - 8) Names of food additives used
 - 9) Bottling date (not required if shelf life is shown)
 - 10) Shelf life (expiration date)
 - 11) Mandatory health warning clauses
 - 12) Mandatory warning clause against liquor sales to minors
 - 13) Name of designated distribution channel (only required on bottles sold in off-premise retail stores. Bottles sold in small retail stores should be marked "For Home Use". Bottles sold in large-scale retail stores should be marked "For Large-scale Store Sales". "Sales in Restaurants and Bars are Not Allowed" should also be marked.)
- Fruit images or photos are not allowed on the label of food and beverage products if the product contains synthetic flavors only. A beer label can include "Lite" only if the product contains 30 kcal of calorie per 100ml or less.
 - Quality claims shown on the product label (such as organic, kosher, and halal) are not allowed unless the product has been certified for the claim by a certifying agent accredited by the Korean authority. For processed organic beer, Korea and the United States have established an equivalency agreement. As a result, American beer certified organic in the United States may be sold as organic in the Korean market and display the USDA organic logo without certification by the Korean authority.

SECTION IV: 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
150 S. Independence Mall West, 1036 Public Ledger Building, Philadelphia, PA 19106, USA
Telephone: 215-829-9111 Fax: 215-829-9777
E-mail: info@foodexportusa.org
Website: www.foodexportusa.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 & Support

(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: 15F, Two IFC, 10, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul, 07326, Republic of Korea

Telephone: +82-2 564-2040

Fax: +82-2 564-2050

E-mail: amchamrsvp@amchamkorea.org

Homepage: www.amchamkorea.org

APPENDIX: KOREA'S BEER IMPORT STATISTICS

	2014		2015		2016		2017	
	Value	Volume	Value	Volume	Value	Volume	Value	Volume
Total	111,686	119,500,503	141,860	170,919,203	181,556	220,508,123	263,092	331,211,445
Japan	33,212	31,914,035	41,076	46,244,098	51,208	52,943,829	71,410	79,988,079
Germany	14,566	16,688,397	18,802	24,874,024	19,832	26,428,630	24,582	29,991,587
Netherlands	14,040	17,821,374	12,090	19,451,582	15,026	24,669,907	19,637	33,584,843
Ireland	10,414	7,269,034	16,261	11,423,229	18,547	12,973,537	20,716	36,159,101
China	9,117	11,490,381	14,215	19,604,829	26,394	36,159,101	37,739	50,961,429
U.S.A.	7,346	8,943,980	9,135	10,614,314	9,730	10,973,511	17,406	22,197,443
Belgium	6,089	8,297,071	8,795	13,528,986	12,828	20,255,591	25,639	38,905,705
Mexico	2,893	2,812,309	4,209	4,442,120	2,113	2,314,141	1,994	2,630,234
Czech	2,314	3,511,163	3,355	6,206,032	5,831	11,692,502	10,291	18,914,879
Others	11,695	10,752,759	13,922	14,529,989	20,047	22,097,374	33,678	17,878,145

Unit: Value \$1,000 USD (CIF value) / Volume Kilograms

Source: Korea Trade Information Service (KOTIS) Database (www.kita.net)