THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 10/26/2010

GAIN Report Number: KS1025

Korea - Republic of

Exporter Guide

Annual

Approved By:
Michael Fay, ATO Director

Prepared By:
Sehwon Kim, Ag. Marketing Specialist

Report Highlights:
South Korea is the fifth largest market for American agricultural products. Total Korean agricultural product imports for 2010 are forecast to exceed $24 billion. The United States is expected to increase its market share and supply more than $6 billion in food and agricultural products. The outlook for U.S. exports remains strong and implementation of the Korean-U.S. Free Trade Agreement is expected to generate even greater opportunities for U.S. exporters.

Post:
Seoul ATO

Author Defined:
Disclaimer

This report was prepared by the Agricultural Trade Office of the U.S. Embassy in Seoul, Korea. Korean policy and regulation are subject to occasional change and revision. Please check for updated reports and verify Korean import requirements with your Korean customers to ensure 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

Korea was the world's 13th largest economy in 2009 [1] with a GDP of $1.36 trillion on a purchasing power parity (PPP) basis. Per capita GDP (PPP) in Korea was $28,100 in 2009. Although the Korean economy was affected by the global economic crisis in 2009, it has recovered very fast. The International Monetary Fund most recently forecast Korea's 2010 economic growth at 6.1 percent, but may slow down to around 4.5 percent in 2011.

Korea is the fifth largest market for U.S. agricultural products. After a Korea's record high of $24 billion in total agricultural imports in 2008, and also a record high of about $6.9 billion from the United States, Korea's agricultural imports from both the world and United States decreased significantly because of the global economic crisis. However, in 2010, total imports of agricultural products from both the world and United States are forecast to nearly recover the 2008 levels. Although actual growth of Korea's export-oriented economy will depend on external conditions, it is clear that Korea will remain one of the top markets for U.S. food and agricultural products in the foreseeable future. In part, demand for U.S. products is driven by Korean consumer trends which are converging with consumer trends in other developed economies including the United States.

Korean consumers place value on high quality, low cost, health and convenience in the course of making food purchasing decisions. Increasing affluence, more women in the workforce, and a well-traveled younger generation seeking goods with an international flavor are promoting the rise of convenience stores, bulk retail outlets and western-style family restaurants. Demand for products, such as meat, coffee, wine, sauce preparations, nuts, dairy products, and confectionery items is growing and the domestic processing industry lacks the capacity to supply these items.

The Korea-U.S. Free Trade Agreement (KORUS FTA) concluded in early 2007 is expected to deepen the longstanding alliance between the United States and Korea, and it will reduce Korean import tariffs on many U.S. agricultural products. The KORUS FTA is expected to create more opportunities for U.S.

exporters than any agreement since NAFTA. The KORUS FTA is currently pending in the National Assembly of Korea and the U.S. Congress; it must be ratified by both before it is implemented.

Korea has a very high population density. Seoul, the nation's capital, has grown into a global metropolis. Currently over 24 million people live in Seoul and the surrounding metropolitan area - Incheon and Kyunggi Province. Altogether, the Seoul metropolitan area accounts for almost 50 percent of the total population. The Seoul metropolitan area also currently houses about 84 percent of government bodies and institutes, 88 percent of Korea's 30 largest companies and 65 percent of the top-20 universities in the nation.

This concentration of population in the Seoul metropolitan area along with an efficient distribution system allows suppliers to realize promotional benefits from their efforts very quickly. The conflux of high population density, high internet connectivity and the ubiquity of on-line selling, home shopping channel sales and home grocery delivery offer lucrative marketing opportunities for many products.

Table 1. South Korean Agricultural Imports by Sector ($Million, CIF Value)

	2008		2009		2010 (f)	
Category	World	U.S.	World	U.S.	World	U.S.
Consumer-Oriented	6,064	1,455	5,189	1,388	5,057	3,033
Intermediate	6,469	1,178	5,524	861	7,016	1,415
Bulk	6,305	3,917	4,480	2,072	6,570	1,820
Fish & Seafood	2,847	129	2,605	113	3,113	119
Forest Products	2,422	252	1,874	198	2,459	219
TOTAL	24,108	6,931	19,672	4,632	24,215	6,606

Note: (f) is a forecast based on January-August data. .
Source: Korea Trade Information Service (KOTIS), compiled by ATO Seoul

Table 2. Advantages and Challenges for U.S. Consumer-Oriented Foods

Advantages	Challenges
U.S. food is perceived as equal or superior quality relative to domestic products.	Changes in food regulations compounded by language barrier.
Increasing affluence of Koreans is shifting consumer focus from price to quality.	Food safety concerns and biotech issues. BSE issue is still lingering.
Local supply of agricultural products is limited.	Onerous inspection/customs clearance procedures.
KORUS FTA will make U.S. products more competitive with other foreign suppliers.	Korea has entered into free trade agreements with many of our competitor countries.

SECTION II. EXPORTER BUSINESS TIPS

A. Where to Start

When considering the Korean market, exporters should conduct preliminary research to determine if the market is appropriate for their product. It may not be possible to market the exact same product in Korea as in the United States. Korean consumers may have different demands and Korean regulations differ for some additives and preservatives.

A good place to start is reviewing the attaché reports for Korea on the FAS website (see Section VI of this report). In addition, information from Korean importers, U.S. state departments of agriculture and the U.S. Department of Commerce (for non-agricultural products) could be helpful. In particular, the "Country Commercial Guide" includes a wide variety of useful information. Register for access to the Country Commercial Guide at: http://www.buyusa.gov/korea/en/.   Lists of Korean importers by product can also be obtained from the U.S. Agricultural Trade Office (see Section V of this report).

The next step might include sending catalogues, brochures, product samples, and price lists to prospective importers as a way of introducing the company and products. Korea is a "wired" country and links to company home pages can be used in place or physically mailings, brochures, etc. Once contact with an importer is established, it is advisable to visit the importer(s) in person, which will increase the seller's credibility with the Korean importer and give an opportunity to see the Korean market first hand. In Korea the clichés about "seeing is believing" and "one visit is worth 1,000 faxes and/or e-mails" are especially true. There is no substitute for face-to-face meetings. The supplier or exporter should bring samples as well as product and company brochures including price lists, shipping dates, available quantities, and any other information needed for negotiating a contract. While information in English is acceptable, having it in Korean is helpful. A general overview of your firm in Korean is also helpful.

Another way of finding potential importers is to participate in a local food show in order to showcase your products to a larger audience. Many Korean importers attending these shows are looking to establish reliable long-term trading relationships. Show participation enhances initial contacts with importers, agents, wholesalers, distributors, retailers and others in the food and beverage industry.

Currently, there are two trade shows supported by ATO Seoul in Korea. The "Seoul Food & Hotel 2011" exposition will be held in Ilsan in the suburbs of Seoul on April 26-29, 2011. The show offers a good opportunity to explore market opportunities in Korea. This show is a trade only show and targets importers, wholesalers, distributors, retailers, hotels, restaurants, food processors, media, etc. All other shows cater mostly to consumers. Please contact Mr. Russell Hood, President, Oak Overseas, Ltd. Phone: 704-837-1980 (ext: 302), Fax: 704-943-0853 and E-mail: rhood@oakoverseas.com to reserve space in the U.S. pavilion at Seoul Food & Hotel 2011. Another show is "Busan International Seafood and Fishery Expo 2010". This is the largest seafood related show in Korea, and will be held in Busan, the second largest city in the country, on November 11-13, 2010.

American companies should be sensitive to the uniqueness of the Korean market. An approach or a product that was successful in another market does not necessarily ensure the same tactic will be applicable to Korea. It may be necessary to adjust the product design, packaging and market approach for the Korean market, requirements and tastes. A well-developed relationship with a Korean importer is an asset when determining how best to market a product.

For exporters of high-value niche market products, Food Export Association of the Midwest USA offers a Distributor Development Service (DDS), which provides a series of cost-effective services designed to assist U.S. suppliers with specific information on whether and how to approach the Korean market. It can also assist U.S. food companies in establishing and solidifying contacts in the Korean import, distribution, retail, food service, or food processing sectors through trade servicing and in-market assistance. For information on the DDS, see contact information for Food Export Association of the Midwest in Section V of this report.

B. Local Business Customs

Korea is a country of tradition. While importers understand international business, paying attention to cultural nuances will facilitate building a business relationship. The following are some business tips U.S. suppliers should keep in mind when dealing with Korean businessmen.

Obtaining Information: To obtain information from a Korean importer, it is best to ask directly and explain why the information is important. Koreans may require more of an explanation than Americans are used to providing. A lengthy discussion about the seller and the firm's history may be needed. If you do not receive a successful reply, there is nothing wrong with politely asking again. In Korea, it is often seen as a sign of seriousness to continue presenting your request. Additionally, Koreans will rarely say, "no" directly. Instead they may say something is "very difficult."

Initial Communications: Koreans prefer to deal face-to-face. As such, cold calling (or cold e-mailing) is problematic in Korea. 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), avoid using long complex sentences and slang, indicate a reasonable time frame for a response, and close with additional words of appreciation.

Relationships: Personal relationships are very important. Koreans like to maintain long-term relationships and are often very loyal. Developing a relationship with a potential Korean partner is vital to establishing your credibility. If a seller has already entered this market, the established contacts can help to build trust with the new one.

Introductions: It is very helpful to have a formal introduction to the person or company with whom the seller wants to do business in Korea. Meeting the right person in a Korean company is almost always dependent on having the right introduction. For U.S. exporters that are new to the Korean market, ATO Seoul may be able to provide an introduction.

Name Cards and Address: The exchange of name cards is usually the first item of business. In Korea people seldom call others by their first names. Instead, they use surnames (such as Mr. Hong) or title and surname together (such as President Hong). Never use a first name unless the person specifically asks to be called by his/her first name. Surnames are often written first on a Korean business card, for example Hong, Gil Dong would be referred to as Mr. Hong. For Westerners, it is difficult to know from the given names if the contact is a man or a woman.

Evening Gatherings: The office may not be the best place to discuss business matters or propose new ideas, especially when dealing with the older generation. It is helpful to get together in the evening for a less formal, but no less important, meeting. Korean businessmen often gather after work to see friends over drinks. There, many of the hierarchical traditions slacken. Although Koreans are wary of people who refuse to drink or who drink moderately, foreigners are given a little more 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, if you want a drink, do not be bashful about pouring a drink for others.

Meetings: Small talk is a good way to break the ice at the beginning of a meeting, and a short, orderly meeting with an agenda provided in advance will go a long way toward the completion of a successful meeting. It is very likely that the meeting will be with a senior staff member whose English may not be very good. At times, a junior staff member might translate but, if not, be prepared to provide all materials and/or requests in writing. Pay attention to the seating arrangement, usually the senior staff member will sit at the head of the table. Decisions are usually made from the top down in Korea. These days many Korean importers speak good English. However, when making initial visits, hiring an interpreter may be a valuable investment. Take time to ensure that your interpreter is familiar with the terms that you will use.

Dress: It is recommended to wear a business suit and tie when meeting or visiting Korean importers for the first time. In the heat of summer almost Koreans will not wear a tie but for a first meeting, a suit coat and tie are still recommended. First impressions are important.

Resolving Conflicts: Koreans do not like to appear to have "lost face." It is important to always try to give something even if you think you are in the right. It will help the conflict resolve more quickly. Visible anger is not useful in a confrontation. Instead, silence is a more effective method of conveying displeasure. Apologizing can also be useful and does not always mean you feel you were wrong. Lastly, never direct your criticism directly at one specific person, but at an entire group.

C. General Consumer Tastes and Preferences

Traditionally, Korean dishes require a lot of preparation time. Small restaurants specializing in only a few dishes are still common. Home preparation, however, is becoming increasingly rare. It is not unusual for working members of the household to have business dinners five nights a week which is one reason restaurant consumption has continued to grow. For home consumption, busy consumers can purchase ready-made, local-style food items such as kimchi or bulgogi (thin-sliced marinated beef) at local grocery or convenience stores.

There is a general preference for national brand products and/or products that have long been recognized in the market. However, the younger generation has had exposure to Western style foods, especially American food. Korea is known for the number of students studying in the United States. It is reported that about 100,000 Korean students currently study in the United States plus over 50,000 of their spouses, children and parents. Thus, many Koreans are accustomed to U.S. brands and to the taste of American products.

Korean consumers also like natural, fresh food products, such as health foods, functional foods and diet foods. Koreans perceive organic, low-chemical or other “natural” products as healthy products. As a result, the market for organic and “natural” foods is a segment that has been developing rapidly. Koreans have always looked to their food to provide a functional or health benefit and foods made without the use of pesticides or insecticides appeal to Korean consumers.

It is also important to note that Korean consumers are very sensitive to food safety issues. They tend to get their information through Internet and trust it in spite of the fact that it is often misleading information. Once a “food scare” rumor goes publicity, that food is affected and its reputation is quickly damaged.

D. Food Standards and Regulations

For information regarding food standards and regulations in Korea, please refer to the “FAIRS (Food and Agricultural Import Regulations and Standards) Country Report Annual 2009”, KS9039 dated August 12, 2009, or more recent update.

E. General Import and Inspection Procedures

The Korea Customs Service (KCS), KFDA, the National Quarantine Office, the National Veterinary Research & Quarantine Service, and the National Plant Quarantine Service are the agencies involved in the import clearance process. Imports of agricultural products may require clearance from several agencies and are, thus, more likely to encounter port delays than other imported products. Delays can be costly due to the perishable nature of many agricultural products. In addition, other entities may be involved in regulating imports through the administration of licenses or, in some cases, quotas for agricultural products.

KCS is responsible for ensuring that all necessary documentation is in place before the product is released from the bonded area. KCS operates the Electronic Data Interchange (EDI) system, and KFDA operates the imported food network system through its regional and national quarantine offices. The KFDA network system is connected to the EDI system, which permits KFDA inspection results to be transmitted more quickly, thus shortening KCS clearance time. The respective quarantine inspection authorities must clear products subject to plant or animal quarantine inspection before KCS will clear them. The import inspection application must be written in Korean and submitted to the relevant agency.

Chart 1. KCS Import Clearance Procedures

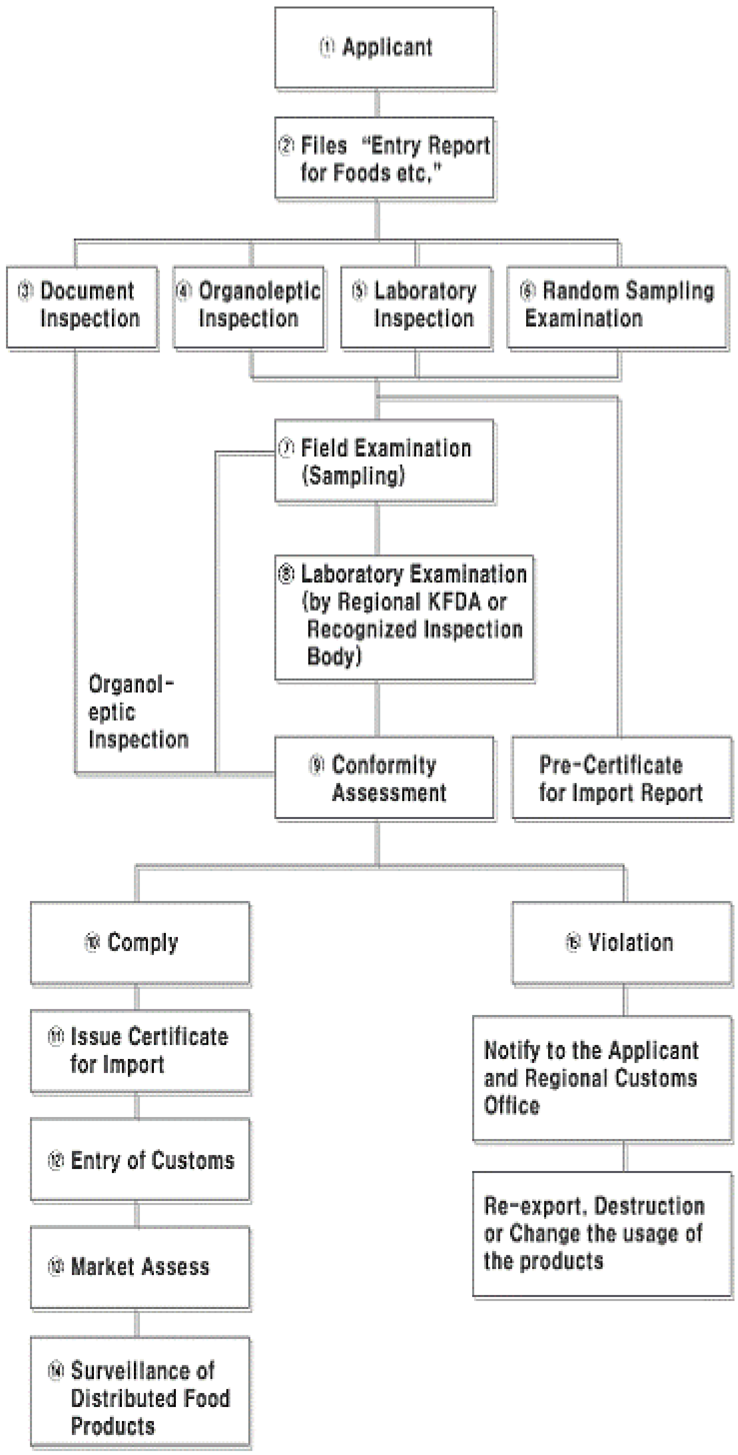
Pre-departure of vessel / Pre-arrival of vessel / Before placing goods in bonded area / After placing goods in bonded area
▼
Import Declaration
▼
Import Acceptance
▼
Release of Goods

▼

Payment of Customs Duties

Source: Korea Customs Service (http://english.customs.go.kr/kcsweb/user.tdf?a=common.HtmlApp&c=1501&&page=/english/html/kor/facilitation/facilitation_01_01.html&mc=ENGLISH_FACILITATION_IMPORT)

Chart 2. Korea Food & Drug Administration (KFDA) Import Procedures



Korea Food and Drug Administration, Food Safety Bureau, Food Distribution Division

1. The importer or the importer's representative submits the "Import Declaration for Food, etc."

2. The type of inspection to be conducted is determined in accordance with the guidelines for

inspection of imported food products. The types of inspection that a given food product may be subject to include: document inspection, organoleptic inspection, laboratory inspection, and random sampling examination.

3. If a product is subject to organoleptic inspection, laboratory inspection and random sampling examination, the KFDA inspector will conduct a field examination and take samples for laboratory testing.

4. KFDA conducts the conformity assessment from the information collected, using such items as test results, document inspection results, etc.

5. If a product complies with the Korean standards, KFDA issues a certificate for import. An importer can clear products with a KFDA import certificate.

6. If a product does not comply with the Korean standards, KFDA will notify the applicant and the regional customs office about the nature of the violation. The importer decides whether to destroy the product, return the shipment to the exporting country, or use it for non-edible purposes. If a minor violation can be corrected, as with labels, the importer can reapply for inspection after making the corrections.

For perishable agricultural products, such as fresh vegetables, fruits, etc., an importer can clear the products prior to completion of the laboratory test with a pre-certification authorization from KFDA. In this case, however, the importer must be able to track distribution of the given product so the products can be recalled should the laboratory test indicate a violation.

Table 3. KFDA Inspection Duration

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

F. Labeling Requirements for Processed Food

In June 1998, KFDA was legally delegated authority for food labeling standards. The KFDA Food Safety Policy Team is responsible for establishing labeling standards for food products. KFDA regional offices inspect labeling of imported food products upon arrival. Provincial government health officials also have the authority to check labeling of both imported and domestic products in the market place.

With the exception of meat, egg, and dairy products, which are regulated by the MIFAFF, all imported food products are required to be labeled with the necessary information in Korean. Stickers may be used instead of manufacturer-printed Korean language labels for general food products. The sticker should not be easily removable and should not cover the original labeling. For functional food items, however, stickers are not permitted. Manufacturer printed Korean language labels must be used on such products.

Labels should have the following inscriptions printed in letters large enough to be readily legible:

(1) Product Name. The product name should be identical to the product name declared to the licensing/inspection authority. For original equipment manufacturing (OEM) products, a country of origin 'OEM' mark should be indicated surrounding the product name effective April 30, 2010.

(2) Product type. This identification is mandatory for specially designated products, such as teas, health supplementary foods, etc.

(3) Importer's name and address, and the address where products may be returned or exchanged in the event of defects.

(4) Manufacture date (date, month, and year). This is mandatory for specially designated products, such as boxed lunches, sugar, liquor, salts, and frozen dessert (manufacturing month and year for frozen desserts). For liquors, a manufacture number (lot number) or bottling date can substitute for the manufacture date.

(5) Shelf life. Food product labels should indicate the manufacturer-determined shelf life. If various kinds of products are packaged together, the shelf life expiration date of the product with the shortest life should be noted on the label.

(6) Contents. Weight, volume or number of pieces should be indicated. If the number of pieces is shown, the weight or volume must be indicated in parentheses. Calories are only required for food products subject to nutritional labeling.

(7) Ingredient names and content. Effective September 7, 2006, the names of all ingredients must be included on the Korean language label. Artificially added purified water and names of ingredients used to make a composite raw ingredient amounting to less than five percent of the product in weight is excluded from the requirement. In the case of a composite raw ingredient amounting to less than five percent of the product by weight, only the name of the composite raw ingredient must be listed on the Korean language label. In the case of a composite raw ingredient amounting to over five percent of the product by weight, the names of all ingredients contained in the composite raw ingredient must be listed on the Korean language label. Ingredients must be listed in order of predominance by weight, that is, the ingredient that weighs the most is listed first, and the ingredient that weighs the least is listed last. Food additives must also be listed by full name, abbreviated name, or purpose on the label (e.g. Ferric Citrate, FECitrate, or nutrient fortified substance). Food items known to be food allergens must be indicated on the label even if they are added as part of a mix at minimal levels. Food items considered as food allergens include eggs, milk, buckwheat, peanuts, soybeans, wheat, mackerel, crab, shrimp, pork, peaches and tomatoes. Any food product containing one or more of the 12 items listed above as a raw ingredient(s) must indicate so on the Korean language label.

(8) Nutrients. Only designated products are subject to nutritional labeling.

(9) Other items designated by the detailed labeling standards for food. This includes cautions and standards for use or preservation (e.g., drained weight for canned products, radiation-processed products, etc.).

Categories exempt from labeling requirements

1. Agricultural products such as grains; fishery items, such as whole frozen fish; and fruits, that are not contained in a container or package, etc.

2. Foods, etc., to be used for manufacturing for a company's own use (Documents that show such intent need to be provided.) In this case, the name of the product, the name of the manufacturer, and manufacture date, shelf life or best before date shall be indicated on the original package either in English or in a language of an exporting country.

3. Products imported for the purpose of acquisition of foreign currency, under the provisions of Article 34 of the Ministerial Ordinance to the Foreign Trade Act.

A revision, dated September 2006, requires mandatory indication of trans fatty acids as part of nutritional labeling. Products subject to nutritional labeling must indicate the content of trans fatty acids beginning December 1, 2007.

A second revision, dated January 2007, introduced a "best before date" for certain food products for which the quality can be maintained as long as products are stored in a proper way. Products include jams, saccharide products (e.g. dextrin, oligosaccharide, fructose), teas, sterilized beverages, sterilized curry products, starch, honey, wheat flour, canned and retort packaged products. Those products can choose either a best before date or a shelf life on the product label.

A third revision, dated October 2007, includes some changes in nutritional labeling, criteria for the labeling of trans fatty acids and the addition of shrimp as a food allergen.

The latest revision, dated June 2008, requires mandatory labeling of the manufacturing date for frozen desserts effective January 1, 2009.

The latest two revisions, dated May and June 2009, require mandatory inner package labeling for double packaged products, mandatory labeling of OEM products, a restriction of the use of photo or picture of fruit and ingredients for products that contain synthetic flavors effective April 30, 2010. Concerning inner packaging labeling requirements, products whose area of the largest side of the inner package is over 30cm2, the product name, net content with calories corresponding to the net content, shelf life or the best before date, and the nutrients shall be included on the inner package labeling. Please see Attaché Report KS9025 and KS9032 for details.

G. Food Additive Code (Administered by KFDA)

The Food Additive Code guides the use of all food additives in Korea. As of July 2009, Korea had a positive list of 616 approved food additives. Food additives are grouped into four categories: (a) chemical synthetics – 405 items, (b) natural additives – 202 items, (c) mixture substances – mixture of approved additives, and (d) sanitizers – nine items. Most additives and/or preservatives are approved and tolerance levels are established on a product-by-product basis in Korea. This creates difficulties as tolerances can vary from product to product. Adding a new additive to the approved list can be time consuming and troublesome. Even though there may be an established CODEX standard for a given food additive, if that food additive is not registered in the Korean Food Additive Code, or even if it is registered but usage in a certain food product is not specified, use of that food additive in the given food product is prohibited. This means that only food additives registered in the Korean Food Additive Code are allowed for use in food products, in accordance with the usage standards specified in the Food Additive Code.

KFDA posts the Food Additive Code on its English website. The English website is very user friendly, and provides names, usage standards, and specifications for all approved additives. To access the Korean Food Additive Code in English, please follow the instructions below:

1. Go to www.kfda.go.kr
2. Click "English" on the top
3. Click "Korea Food Additive code" on the bottom of the left hand side column

For a short cut, go to the following website directly:

http://fa.kfda.go.kr/foodadditivescode.html

For registration of new additives to the Korean Food Additive Code, the "Guidelines for Designation of Food Additives" explains the detailed information that needs to be submitted to KFDA. KFDA's review process usually takes a year or so.

The office responsible for approving food additives is as follows:

Food Additives Standardization Division
Food Standardization Department
Korea Food & Drug Administration
5 Nokbeon-dong, Eunpyung-ku
Seoul, Korea 122-704
Phone: 82-2-380-1687; Fax: 82-2-354-1399

H. Tariffs

Tariffs vary considerably from product to product. In general, tariff rates are higher for products that are produced domestically. Processed products and bulk products needed for local industries generally have lower tariffs. Detailed information on current and prospective tariffs under the KORUSA FTA can be found at: http://www.ustr.gov/assets/Trade_Agreements/Bilateral/Republic_of_Korea_FTA/Final_Text/asset_upload_file786_12756.pdf Exporters can contact the ATO for specific information on tariff rates.

I. Sample Shipments

Sample shipments of general processed food products are not subject to import requirements. For sample shipments, the invoice should be marked as having no commercial value. If the volume or the market value is not considered a sample, it will be subject to import requirements. A phytosanitary certificate and a meat export certificate are required for products subject to quarantine inspection even if they are shipped as samples.

J. Copyright and/or Trademark Laws

The Korea Industrial Property Office is responsible for registration of trademarks and for review of petitions related to trademark registration. In accordance with the Trademark Law, the trademark registration system in Korea is based on a "first-to-file" 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, U.S. companies considering conducting business in Korea are encouraged to register their trademarks prior to beginning their business operations.

K. Laboratories Authorized to Inspect on Behalf of the Korean Government

1. U.S. laboratories accredited by the Korean government (KFDA)

KFDA operates a program that recognizes foreign laboratories as official testing laboratories. This program aims to enhance the efficiency of conducting inspection of imported foods. KFDA authorizes foreign laboratories and recognizes inspection certificates or certificates of laboratory test results issued by these authorized laboratories. As of now, there are two U.S. laboratories that have been authorized by KFDA. They are:

Oregon Department of Agriculture
Export Service Center
1200 N.W. Naito Parkway, Suite 204
Portland, Oregon 97209-2835
Tel: 503-872-6644; Fax: 503-872-6615
E-mail: esc-food@oda.state.or.us
Authorized for food-related testing, such as residue and microbiological testing on food and beverages, food packaging, and health functional food, which are bound for Korea

Omic USA Inc.
Mr. Ryuichi Kurosawa, President
1200 N.W. Naito Parkway
Portland, Oregon 97209
Tel: 503-224-5929; Fax: 503-223-9436
Authorized for food-related testing, such as residue and microbiological testing on food, beverages, and health functional food, which are bound for Korea.

A certificate of inspection from these labs expedites clearance inspections at ports of entry in Korea as KFDA recognizes testing results conducted by the labs. It will minimize the chances of product rejection upon arrival.

2. Korean laboratories accredited by KFDA

No.	Name	Web Address	Accredited Testing
1	Korea Advanced Food Research Institute	www.kafri.or.kr	Food, Health functional food, Qualitative GMO testing
2	Korea Health Industry Development Institute	www.khidi.or.kr	Food & Health functional food, Parasite eggs in food
3	Korea Advanced Food Research Institute – Busan Branch	www.kafri.or.kr	Food & Health functional food
4	Korea Food Research Institute	www.kfri.re.kr	Food & Health functional food
5	Korea Basic Science Institute – Seoul Center	www.kbsi.re.kr	Dioxin
6	Korea Testing Laboratory	www.ktl.re.kr	Dioxin
7	Jeonbuk Bioindustry Development Institute	www.jbdi.or.kr	Qualitative GMO testing for imported food
8	Korea Research Institute of Analytical Technology	www.anapex.com	Food & Health functional food, Qualitative GMO testing for imported food
9	Korea Health Supplement Institute	www.khsi.re.kr	Food & Health functional food
10	Kogene Biotech	www.kogene.co.kr	Qualitative GMO testing
11	Takara Korea Biomedical	www.kgac.co.kr	Qualitative GMO testing
12	Korea Institute of Health Promotion	www.kahp.or.kr	Parasite eggs in food
13	SGS Testing Korea	www.kr.sgs.com/kr	Qualitative GMO testing for imported food
14	JPNC	www.jnc.co.kr	Qualitative GMO testing

L. Documents generally required when food is imported

Invoice
Bill of Lading, or Airway Bill
Packing List
Certificate of Origin (not required if there is "Made in USA" on the label.)
Names of all ingredients with percentage of major ingredients
Processing Method
Certificate of Production Date
Packing Material (not required for bottles, cans and paper packages)
Non-biotech (certification for corn, soybeans and potatoes)
Sanitary certificate (for meat, fruit, nuts, vegetables, plants, grains, etc.)

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Local eating habits have changed dramatically in recent years. A diet that has long been based on rice has become progressively more centered on wheat and protein. For instance, per capita rice consumption has decreased from 136 kilograms in 1970 by about 46 percent to 74 kilograms in 2009. At the same time, consumers are seeking more diversity and are becoming more quality-oriented. Consumption of fish, fruits and vegetables has also increased. Consumer preferences are shifting toward foods that are convenient to cook rather than those that require lengthy preparation. At the same time, demand for greater quality in terms of flavor and nutrition has increased. Consumers are becoming more health and safety conscious in their food buying habits, as ingredients, packaging, shelf life and toxicity are becoming important determinants of purchasing behavior. Spending habits are also becoming more diversified, as individual preferences shift and a wider variety of foods are available to meet consumer demands. These shifts toward quality, variety, convenience, safety and health have resulted not only in increased consumption of processed food, but have also stimulated the growth of the domestic food processing industry.

A. Retail Food Sector

The retail sector in Korea has undergone dramatic change since the opening of the first hypermarket store in 1993 (E-Mart store by Shinsegae Co.) and the liberalization of large-scale retail business to foreign ownership in 1996 (Macro, a Dutch retailer, was the first one to enter the market). Modern retail businesses such as hypermarkets, grocery supermarkets, convenience stores and on-line retailers have grown rapidly at the expense of traditional retail outlets of wet markets and family-oriented small grocers over the years. Growth of these new retailers, coupled with the development of information technology and income levels, has significantly changed the way Korean consumers purchase daily necessities, including food.

As of 2008, the size of the overall retail market in Korea was estimated at W217 trillion Korean won (approximately $217 billion, the average annual exchange rate in 2008: $1 = 1102.6 won). The retail market is forecast to grow about 5 percent in 2010. Modern retail businesses have continued a rapid expansion to take an estimated 40 percent of the retail market sales today. Although on a decline, traditional retailers still account for a significant retail force especially in areas where modern large-scale retailers have yet to penetrate.

On-line sales constitute a rapidly growing segment of retail food sales. Korea's high level of internet connectivity and increasing focus on convenience and variety bodes well for future development of on-line sales. Products purchased on-line are also becoming more diverse from cosmetics to electronics to health foods. Most of the leading off-line mass retailers now operate Internet stores and offer home-delivery to compete.

Table 4. Food and Non-food Retail Market Sales in Korea Sales: Trillion won

Retail Type	2008		2009(E)		2010(F)	
	Sales	Growth	Sales	Growth	Sales	Growth

Department Stores	19.5	4.3%	21.3	9.2%	22.6	6.1%
Hypermarkets	29.9	6.0%	30.9	3.2%	31.9	3.1%
Supermarkets	21.5	10.0%	22.4	4.2%	23.2	3.4%
Convenience Stores	5.5	16.1%	6.2	13.2%	7.0	12.2%
Online Shopping Malls	18.1	15.1%	20.9	15.1%	24.2	15.8%
TV Home Shopping	3.9	1.1%	4.0	1.4%	4.0	0%

Average Annual Exchange rate in 2009: US$ = 1,276 Korean won
Source: Food Distribution Yearbook 2010

Table 5. Receipts from Food, Meat & Fishery Products Sales for Each Retailer: 2009

Retail Type	Food Portion
Supermarkets	81.9%
Hypermarkets	52.5%
Convenience Stores	50.0%
Department Stores	9.8%
On-line Shopping	9.8%

Source: The Yearbook of Retail Industry 2010

There are several types of outlets that handle food and agricultural products. They include hypermarkets, shopping centers, supermarkets (super chain companies and several thousand independent small supermarkets and outlets), department stores, convenience stores, mom and pop stores, National Agricultural, Fishery and Livestock Cooperative Federation (NACF) stores, discount stores or membership-type warehouse stores and general market places (e.g., conventional open air markets), and periodic market places in rural areas (normally open once every 5 days).

Most retailers purchase imported food products from importers and/or wholesalers. A few retailers started to import a limited number of food products directly when the import volume is large. U.S. exporters should contact importers and distributors, along with retailers to market their products. Currently, the customs clearance process is cumbersome, costly, and generally not cost effective to bringing in mixed container loads. Instead, importers bring in full containers of a particular product, store in-country or distribute to retailers or other distributors.

1. Hypermarkets/Discount Stores: Total sales of hypermarkets were 31.3 trillion won in 2009, up 4 percent from the previous year. The three big players in this sector (E-Mart, Home Plus and Lotte Mart) accounted for about 80 percent of the sector's total sales in 2009. Of total sales, agriculture, food and beverage sales accounted for 52.5 percent in 2009. The market share of hypermarkets is likely to increase further in the years to come as there still remains room in the market for additional 100-200 stores as a result of on-going renovation projects of old metropolitan areas and developments of new residential areas across the country.

Table 6. Sales by Major Hypermarkets/Discount Stores in 2009

Retail Name	Sales (Billion Won)	Growth Rate (%)	Number of Stores
E-Mart	10,367	4.0	127

Home Plus	9,870	31.5	114
Lotte Mart	4,876	6.6	69
New Core Outlet	1,700	6.2	18
Costco Sale*	1,217	20.0	7
Yichunil Outlet	1,120	-2.3	12

Source: The Yearbook of Retail Industry 2010 *Costco sales are based on FY August 2010.

2. Convenience Stores: According to the KOSCA report, there were 14,130 outlets in 2009, up from 12,485 outlets in 2008. The total sales by the 8 convenience store companies surveyed by KOSCA were about 7.3 trillion won in 2009, a 12 percent increase from 6.5 trillion won in 2008. Of total sales, food, agriculture and beverage sales accounted for 50 percent in 2009. This sector is expected to grow substantially over the next few years as the number of outlets increases. The major players in this market are Family Mart, GS25 and Seven Eleven.

Table 7. Number of Convenience Stores

Store Name	2007	2008	2009
Mini Stop	1,017	1,079	1,201
Buy The Way	1,054	1,231	1,501
Seven Eleven	1,760	2,003	2,186
C-Space	128	130	151
GS25	2,856	3,368	3,915
Family Mart	3,751	4,159	4,684
OK Mart	307	287	254
Joy Mart	183	208	238
Total	11,056	12,485	14,130

3. Supermarkets: Total sales by supermarkets (165 m2 and over) are estimated at 22.4 trillion won in 2009. The total sales by 9 major supermarket companies amounted to 4.2 trillion won in 2009, up 3.5 trillion in 2008. Of the total sales, food sales accounted for 82 percent of all receipts. The major players in this market are GS Supermarket, Lotte Supermarket and Top Mart.

Table 8. Sales by major Supermarkets in 2009

Store Name	Sales (Billion won)	Number of Stores
GS Retail	3,219	138
Lotte Super	1,143	190
Top Mart	801	70
CS Mart	227	28
Kim's Mart	259	43
Bada Mart	90	18
SM Co.	124	22

For further detailed information on the retail food sector in Korea, please refer to the Retail Food Sector Biennial Market Brief 2009 – KS9006 dated February 23, 2009 in Section VI of this report.

B. Hotel, Restaurant and Institutional (HRI) Industry

The Monthly Statistics of Korea (July 2010 Issue) shows that the average monthly expenditures on food, non-alcoholic beverages, and eating out meals per household (nationwide) in 2009 amounted to about 573,000 Korean won, accounting for 20.6 percent of household's total expenditures. Expenditures on restaurant meals have been increasing rapidly and accounted for 48 percent of the total expenditures Koreans made on food and beverages in 2009.

Table 9. Average Monthly Expenditures on Food and Non-alcoholic Beverages per Household nationwide in 2009 Unit: 1,000 Korean won

Food Items	Expenditure
Restaurant Meals	275.3
Fruits and Vegetables	66.7
Cereals and bread	54.8
Meat	51.9
Other foods	43.5
Fish and Fishery Products	34.1
Milk, Cheese and Eggs	31.5
Non-alcoholic Beverages	15.9
Total	573.7

Average Exchange Rate in 2009: US$ = 1,276 won
Source: Monthly Statistics of Korea, July 2010

The Korean food service sector garnered 64.7 trillion of cash register sales in 2008 (Average exchange rate in 2008 was 1,102.6 won against US$). The total number of restaurants, food service establishments, bars and pubs was 576,990 providing employment for 1.6 million employees. However, about 70 percent of restaurants were small family-owned businesses that hired less than five employees. Average annual sales per establishment amounted to 112 million Korean won in 2008.

1. Hotel Segment: The hotel segment is expected to maintain a healthy growth in the coming years both from domestic and international travelers. In particular, the five-work-day system, which became national standard for most Korean workers in mid 2005, has significantly boosted domestic tourism. According to the government statistics, the total number of local travelers increased from 320 million in 2001 to 650 million in 2008. A steady growth in the number of foreign travelers to Korea is also anticipated to continue in the coming years.

A good number of new hotels are currently under construction or on the drawing board in order to meet the increased demand for additional hotel rooms. According to a government study, the market will need an additional 16,000 guestrooms between 2005 and 2010 in the Seoul metropolitan area alone. The shortage of hotel rooms is expected to be worse in regional markets where new industrial or tourist districts are under development. Recognizing the emerging opportunities, local conglomerates have unveiled plans for new hotels throughout the nation. A 106 story high hotel currently under construction by Lotte Hotel Group in Busan, which upon completion will be one of the tallest hotel buildings in the world, is an example of active investments being made in the sector.

The hotel segment, especially five and four star hotels with in-house premium restaurants, has played a leading role in introducing new-to-market food products and recipes to local opinion leaders. It also has served as an efficient venue for promotional activities of the food service industry, including menu promotions, product launchings and technical seminars. Currently, food and beverage sales are estimated to comprise 40 to 50 percent of total sales revenue of five and four star hotels. Some leading hotels, the Shilla and the Westin Chosun for example, have expanded their food service businesses outside of their hotels and now operate stand-alone restaurants of various formats, including microbrew pubs, food courts, coffee shops, bakery shops and premium gourmet restaurants. Although the share of the market taken by the hotel segment in the food service sector is on a gradual decline due to the growth of restaurants outside of hotels, it is likely that the segment will remain a leading distribution channel of premium, high-quality imported food and beverage products.

2. Restaurant Segment: Although facing elevated competition, Korean food restaurants still accounted for a dominant share of the restaurant segment both in terms of the number of restaurant and sales in 2008. “Internationalization of Korean Cuisine”, a culture marketing campaign launched in 2009 by the Korean government with avid participation of local food industry and consumer groups, has helped the local cuisine restaurants regain attention of the general public. However, menus and products served in Korean food restaurants are increasingly incorporating new-to-market ideas and themes of international cuisines, offering greater opportunities to imported products. In a similar vein, many of the international dishes served in Korea are somewhat ‘Koreanized’ in terms of the taste, ingredients and style. In general, tastes of Korean consumers have high affinity to hot spices, vegetables, seafood and fermented/pickled foods. There is a general consensus among the local consumers that menus served in the western world, including the U.S., are too salty, sweet, and fatty.

It is notable that Korea is one of the biggest markets for alcoholic beverage in the world and has an exceptionally high number of bars and other types of drinking places for the population. Drinking is considered an important part of everyday life and is often encouraged at social and business occasions. Although drinking is decreasing among the elderly population for health concerns, the market is getting more new drinkers from the younger generation and the female population. Beer and soju (Korean distilled liquor) are by far the most consumed alcoholic beverages while fruit wine and traditional rice wine are on a rapid growth. Over half of the alcohol beverages sold in Korea is reportedly consumed in the food service sector. In particular, food service sector is the leading consumer of premium, high value products such as Scotch whiskies and cult wines.

Growth of western themed restaurants, in particular hamburger chains and steak restaurants, has slowed down over the last several years largely due to the consumers' elevated health concerns. In particular, BSE and avian influenza scandals deteriorated consumer confidence in beef and chicken meat, the key ingredients for western themed restaurants. In an effort to rebuild consumer traffic, companies are deploying aggressive price promotions, new, healthier menus and convenience services such as drive-thru and 24 hour operation.

Table 10. Sales by Restaurants Type in 2008

Type	Number of	Number of	Sales (Billion Korean

	Restaurants	Employees	won)
Korean Style Restaurants	279,702	763,508	31,539
Chinese Style Restaurants	21,771	70,166	2,689
Japanese Style Restaurants	6,022	28,473	1,949
Western Style Restaurants	8,856	52,318	2,542
Other Western Style Restaurants	726	3,586	169
Cafeteria	4,309	33,975	2,741
Catering	473	2,850	135
Bakery Store	12,513	43,688	2,411
Pizza, Hamburg & Sandwich	11,799	57,047	2,089
Chicken	24,906	52,113	1,924
Noodle & Gimbob (rice rolls)	45,701	94,139	2,802
Other Restaurnts	3,930	11,463	952
Bars and Pubs	156,282	364,742	12,770
Total	576,990	1,578,068	64,712

Source: Report on Wholesale and Retail Trade Survey 2009

Table 11. Profile of Major Family Restaurant Chains Billion Won

Brand Name	2007		2008		2009	
	Sales	Number	Sales	Number	Sales	Number
Outback	270	98	275	101	277	102
VIPS	270	80	250	80	280	74
TGIF	110	51	80	30	63	31
Bennigan’s	85	32	94	30	90	26
Marche’	51	6	52	5	63	4
Sizzler	17	8	14	5	6	2

US$ = 929 won in 2007, 1,103 won in 2008 and 1276 won in 2009

*Some restaurants did not disclose their sales data

Source: Food Distribution Yearbook 2010

Table 12. Profile of Major Pizza Restaurant Chains Sales: Billion Won

Brand Name	2006		2007		2008	
	Sales	Number	Sales	Number	Sales	Number
Pizza Hut	400	340	400	330	430	330
Mister Pizza	240	300	320	320	390	350
Domino Pizza	240	287	250	289	300	305
Ethang	120	303	150	350	*	*
Papa Johns	25	54	31	65	35	70

US$ = 956 Korean won in 2006, 929 won in 2007 and 1,103 won in 2008

Source: Food Distribution Yearbook 2010

*Did not disclose its sales data

Table 13: Profile of Major Chicken Restaurants Billion Won

Brand Name	2007		2008		2009	
	Sales	Number	Sales	Number	Sales	Number
BBQ	166	1850	182	1800	*	1,550
Gyochon Chicken	90	1030	97	1035	*	*
Nene Chicken	70	700	80	830	*	910
TTorae Orae Chicken	55	1000	60	1000	87	906
Gubne Chicken	16	295	37	514	70	731
Mexicana Chicken	30	1100	35	800	32	739
Pericana Chicken	220	1600	200	1600	19	360

US$ = 929 won in 2007, 1,103 won in 2008 and 1276 won in 2009
*Some restaurants did not disclose their sales data
Source: Food Distribution Yearbook 2010

Table 14: Profile of Major Coffee Shop Chains Sales: Billion Won

Brand Name	2008		2009	
	Sales	Number	Sales	Number
Starbuck's	160	282	190	316
Angelinas	65	148	86	234
Hollys	67	183	*	225
Tom and Tom's	36	111	*	164

US$ = 1,103 won in 2008 and 1276 won in 2009
*Some restaurants did not disclose their sales data
Source: Food Distribution Yearbook 2010

3. Institutional Food Service Segment: Institutional food service segment maintains a solid growth as more office workers and students are seeking quality meal options at affordable price. It is a general practice in Korea that private companies and public offices provide complimentary meals to employees as part of the compensation package. Many offices that operated in-house institutional restaurants in the past are switching to outside commercial operators for quality and efficiency. In addition, all schools, except colleges, are now regulated to provide lunches to the students.

The growth of the commercial institutional feeding segment is mainly driven by a handful of leading players, all of them subsidiaries or affiliated companies of local conglomerates. The leading players are currently closing down small-scale outlets to focus on big volume clients for economy-of-scale, which leaves behind some room for smaller players to grow. For example, CJ Freshway withdrew from the middle/high school segment a couple of years ago.

Most of the leading companies have diversified into regular restaurant businesses, including food courts, cafeterias, bars, coffee shops, bakery shops and premium restaurants. Some of the leading companies have also expanded into the food service distribution business that offers a broad line of products to outside restaurants. It is expected that the distribution business arms of these institutional food service companies will someday evolve into separate, independent broad-line food service distribution companies.

For further detailed information on the "Food Service – Hotel Restaurant Institutional Biennial Sector Brief 2010", please refer to the HRI Sector Report – KS1005 dated March 9, 2010 in Section VI of this report.

C. Domestic Food Processing Sector

The Korean food and beverage manufacturing and processing industry is a major consumer of imported raw materials, intermediate products, ingredients and additives. Imports are necessary to support the processing industry because local production cannot meet the demand. Korea imports almost all types of agricultural products for processing. Corn, soybeans, wheat, essential oils, frozen concentrated orange juice, poultry meat, almonds, walnuts, powdered milk, and whey powder are good examples of the raw materials and ingredients imported into Korea for use in food processing. U.S. suppliers have a strong opportunity to export raw materials or ingredients for use in food processing in Korea. The total production of food, foodstuffs, meat, fish and beverages at 4,061 processors with 10 or more employees is estimated at 56 trillion Korean won in Korea in 2008.

Table 15. Food Grain Self-sufficiency Ratio in 2007 in Korea

	Total	Rice	Barley	Wheat	Corn	Soy Beans	potatoes	Others
A*	27.2%	95.8%	48.3%	0.2%	0.7%	11.1%	98.4%	9.8%
B*	51.6%	95.8%	52.3%	3.2%	3.2%	34.5%	109.1%	10.4%

A* represents self-sufficiency Ratio including feed
B* represents self-sufficiency Ratio for food only
Source: Food, Agriculture, Forestry and Fisheries Statistical Yearbook 2009

Table 16. Gross Output by Food and Beverage Manufacturers with 10 or more Employees: 2008

Billion won

Food Sector	Value	No. of workers
Meat Processing	7,408	25,610
Fish and marine processing	3,076	22,481
Fruit and vegetable processing	1,851	13,484
Fats and oils manufacturing	2,507	2,470
Dairy and ice cream	5,863	9,530
Grain processing and starch	4,324	7,198
Other food stuff processing	14,606	59,303
Feed processing	7,918	7,560
Alcoholic Beverages	4,585	6,478
Non-alcoholic beverages	3,494	6,470
Total	55,632	160,584

The average Exchange Rate in 2008: US$ = 1102.6 won
Source: Report on Mining and Manufacturing Survey, issued Dec. 2009

Most Korean food and beverage manufacturers are small-scaled companies. As of the end of 2008, there were 4,061 food, livestock, dairy and beverage manufacturing companies with a labor force of 10 or more across Korea. Of these there are only 14 manufacturers with 500 employees or over as shown on the following table. Less than 8 percent (304 manufacturers) have 100 or more employees.

Table 17. Employment Size of Food and Beverage Manufacturers: 2007

No. of Employees	No. of Manufacturers
10-19	1,985
20-49	1,324
50-99	448
100-199	206
200-299	56
300-499	28
500 and Over	14
Total	4,061

Source: Report on Mining and Manufacturing Survey, issued Dec. 2009

D. Trends in Holiday Sales

There are two major holidays in Korea when sales dramatically increase: In 2011, the three-day Lunar New Year Holiday will take place on February 2, 3 and 4, and the three-day Chusok (Korean Thanksgiving) holiday will take place on September 11, 12 and 13. During these holidays, many Koreans give gifts to their relatives, friends and business associates. Beef ribs, fruit and other high value food products are popular during these holidays. Retailers conduct special promotions to market holiday food gifts.

E. On-line Retailers

One-line Shopping. The popularity of e-commerce marketing channels is bolstered by the high level of internet connectivity and mobile phone use in Korea. On-line retail business remains one of the fastest growing segments in the market as more consumers are attracted to this innovative shopping method for convenience and competitive pricing. There are five TV home shopping companies in Korea approved by the government, which sell their products in a variety of ways including catalogs, internet sales, and television sales programming. Virtually all kinds of food products that are found in conventional retail stores are available on-line since conventional retailers now operate internet stores coupled with home delivery service.

The sales of on-line retailers, including internet shopping, TV home-shopping and catalog shopping, have increased by double digits over the last five years, or 26.3 trillion Korean won of retail market sales in 2009. Korea has the right mix of socio-economic conditions, in particular dense population and high affinity towards information technology, that foster development of on-line retailing.

Table 18. Sales of On-line Shopping **Unit: Trillion Korean won**

	2007	2008	2009	2010(f)
Catalog Shopping	0.7	0.7	0.7	0.7
TV Home Shopping	3.9	4.0	4.6	4.9
Internet Shopping	9.0	10.0	11.5	13.1
Open Market	6.7	8.1	9.5	11.4
Total	20.3	22.8	26.3	30.1

Average Exchange Rate: US$ = 929 won in 2007, 1,103 won in 2008 and 1276 won in 2009
Source: The Yearbook of Retail Industry 2010

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Product Category	HS Code Nbr	2009 Imports: ($ Mil) Total: USA:	5 Yr. Avg. Annual Import Growth	Import Tariff Rate	Key Constraints over Market Development	Market Attractiveness for U.S.
Beef	0201 0202	797 273	9%	40%	High tariffs. BSE image	Ban on bone-in beef lifted.
Pork	0203	672 184	20%	22.5-25%	High tariff	Strong demand
Poultry	0207	109 42	22%	18-27%	Not manually trimmed.	Price-competitive.
Citrus	0805	92 84	7%	30-50%	High tariffs	Predominant supplier.
Cheese	0406	190 38	12%	36%	High prices	Good taste and quality
Fresh Cherries	0809.20	25 24	64%	24%	Fumigation required and short shelf life.	Not much competition
processed vegetable, fruits	2001-2009	634 151	8%	5-50%	High tariffs	Good quality
Soybean oil	1507	247 29	14%	5.4%	High prices.	Good quality
Wine	2204	112 11	19%	15%	Fewer varieties than French. Chilean wine lower tariffs	Consumption is growing rapidly
Fish and Seafood	03 1604 1605	2,605 113	4%	*10-20%	High prices	Good quality
Bread, cakes, pastry, etc.	1905	115 46	13%	8%	High prices.	Good quality
Nuts	0802	104	24%	8-50%	High tariff for	Dominant

		98			walnuts.	supplier.
Processed meat	1601-1602	79 25	33%	18-30%	High prices	Good quality
Sauces & Condiments	2103	144 19	12%	8-54%	High prices	Good quality

*The tariff rates differ widely depending upon the product. For specific tariff rates, please contact ATO Seoul.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

KEY FAS/USDA CONTACTS AND FURTHER INFORMATION

For further information about the Korean agricultural market, please contact:

U.S. Agricultural Trade Office
Korean Address: Room 303, Leema Building
146-1, Susong-dong, Chongro-ku, Seoul, Korea
U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-ATO, APO, AP 96205-5550
Telephone: 82-2 397-4188 Fax: 82-2 720-7921
E-mail: atoseoul@fas.usda.gov Website: www.atoseoul.com

Agricultural Affairs Office
Korean Address: U.S. Embassy, 82, Sejong-ro, Chongro-ku, 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

For more information on how you can register for USDA/FAS' Supplier List:

The United States Department of Agriculture's Foreign Agricultural Service (USDA/FAS) offers information and services that can be beneficial to both new and experienced exporters. For example, ATO Seoul uses the U.S. Suppliers List (USL) to provide Korean importers with lists of prospective suppliers. The USL is a searchable database of more than 3,800 U.S. exporters and their products. The database features more than 500 agricultural product categories under which companies can list their offerings. Buyers who wish to find U.S. suppliers and U.S. exporters who wish to register in the USL can access the USL at: http://www.fas.usda.gov/agx/partners_trade_leads/us_suppliers_list.asp

For further information about sanitary and phytosanitary requirements, please contact:

U.S. Animal Plant and Health Inspection Service (APHIS)
Korean Address: Room 303, Leema Building
146-1, Susong-dong, Chongro-ku, 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 Website: www.aphis.usda.gov

For information about activities by Strategic Trade Regional Groups, please contact:

Food Export Association of the Midwest USA
309 W. Washington St., Suite 600
Illinois 60606
Telephone: 312-334-9200 Fax: 312 334-9230
E-mail: thamilton@foodexport.org Website: www.foodexport.org

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: bruce@wusata.org Website: www.wusata.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: jcanono@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: jim@susta.org Website: www.susta.org

For information on the commercial and industrial products in Korea, please contact:

U.S. Commercial Service
Korean Address: U.S. Embassy, 82, Sejong-ro, Chongro-ku, 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/korea

SECTION VI. OTHER RELEVANT REPORTS

FAIRS Country Reports Annual – KS9039 dated August 12, 2009

Export Certificate FAIRS Report Annual – KS9046 dated September 28, 2009

Retail Food Sector Biennial Market Brief 2009 – KS9006 dated February 23, 2009

HRI Food Service Sector Biennial Annual – KS1005 dated March 9, 2009

Food Processing Report – KS1004 dated March 12, 2010

APPENDIX. STATISTICS

Table A. KEY TRADE & DEMOGRAPHIC INFORMATION

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) 1/	19,672/23.6
Consumer Food Imports From All Countries ($Mil)/U.S. Market Share (%) 1/	5,189/26.8
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) 1/	2,605/4.3
Total Population (Millions) / Annual Growth Rate (%)	49/ 0.3
Urban Population (Millions) / Annual Growth Rate (%) 2/	38.5/1
Number of Major Metropolitan Areas 3/	8
Size of the Middle Class (Millions) / Growth Rate (%) 4/	N/A
Per Capita Gross Domestic Product (U.S. Dollars) 5/	$28,100
Unemployment Rate (%)	3.6
Per Capita Food Expenditures (U.S. Dollars) 6/	$450
Percent of Female Population Employed 7/	48.7%
Exchange Rate (US$ = Korean won) 8/	1,276

All data are for 2008 unless otherwise noted.

Foot Notes

1/ Korea Trade Information Service (KOTIS), compiled by ATO Seoul

2/ Urban population in 2005 and average annual growth rate between 2000 and 2005

3/ Population in excess of one million people in 2005

4/ Official data is not available

5/ Purchasing power parity basis. Source: https://www.cia.gov

6/ Average monthly household expenditures on food and non-alcoholic beverage, nationwide

7/ Number of women employed against total women15 years old or above in 2008

8/ Average annual exchange rate of Korean won against U.S. dollar in 2009.

Table B. KOREAN CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS

Imports (In Millions of Dollars)	Imports from the World			Imports from the U.S.			U.S. Market Share		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Consumer Oriented Agric. Total	5,946	6,380	5,386	1,229	1,468	1,440	21%	23%	27%
Snack Foods (Exclud. Nuts)	225	225	216	57	51	53	25%	23%	24%
Breakfast Cereals/Pancake Mix	15	18	16	3	4	6	23%	25%	37%
Red Meats, Fresh/Chilled/Frozen	1,933	1,910	1,563	308	431	477	16%	23%	31%
Red Meats, Prepared/Preserved	110	117	90	26	36	28	24%	31%	31%
Poultry Meat	79	116	109	28	57	42	36%	49%	38%
Dairy Products (Excl. Cheese)	267	273	205	39	26	23	15%	10%	11%
Cheese	179	239	190	32	55	38	18%	23%	20%
Eggs & Products	14	14	10	4	4	3	32%	29%	29%
Fresh Fruit	533	505	448	163	161	126	30%	32%	28%
Fresh Vegetables	128	121	102	8	7	5	7%	6%	5%
Processed Fruit & Vegetables	752	944	730	110	125	131	15%	13%	18%
Fruit & Vegetable Juices	148	144	119	45	52	37	30%	36%	31%
Tree Nuts	86	99	110	72	86	98	84%	87%	89%
Wine & Beer	181	206	150	24	24	18	13%	11%	12%
Nursery Products & Cut Flowers	68	65	53	1	1	1	1%	2%	2%
Pet Foods (Dog & Cat Food)	58	65	68	24	26	22	42%	39%	32%
Other Consumer Oriented Products	1,171	1,318	1,207	284	321	334	24%	24%	28%
Fish & Seafood Products	2,954	2,847	2,605	132	129	113	4%	5%	4%
Salmon	72	64	67				1%	0%	0%
Surimi	150	198	135	52	54	31	35%	27%	23%
Crustaceans	739	672	608	6	5	4	1%	1%	1%
Groundfist & Flatfish	961	898	906	44	53	59	5%	6%	6%
Molluscs	356	361	347	4	2	2	1%	1%	1%
Other Fishery Products	677	655	541	26	16	17	4%	2%	3%
Consumer & Fishery Total	8,900	9,227	7,991	1,361	1,597	1,553	15%	17%	19%

Source: GTA (http://www.gtis.com/gta/usda/)

Table C. TOP 15 SUPPLIERS OF CONSUMER FOODS/FISHERY PRODUCTS

Table C-1. CONSUMER-ORIENTED AGRICULTURAL TOTAL – 400

Unit: $Million

Reporting Country: Korea, Republic of Top 15 Ranking	Import		
	2007	2008	2009
United States	1,229	1,468	1,440
China	998	999	784
Australia	905	832	637
New Zealand	373	415	291
Philippines	264	240	234
Chile	216	199	221
France	243	256	189
Japan	161	195	183
Thailand	120	265	153
Canada	171	182	150
Netherlands	175	205	143
Brazil	108	108	102
Italy	83	97	93
Vietnam	30	67	78
Belgium	120	94	74

Others	747	757	616
Total	5,946	6,380	5,386

Source: GTA (http://www.gtis.com/gta/usda/)

Table C-2. FISH & SEAFOOD PRODUCTS

Unit: $Million

Reporting Country: Korea, Republic of Top 15 Ranking	Import		
	2007	2008	2009
China	1,057	976	811
Russia	423	384	435
Vietnam	268	304	299
Japan	269	220	192
United States	132	129	113
Taiwan	83	85	88
Thailand	146	111	83
Norway	61	52	69
Indonesia	50	65	60
Chile	41	43	41
Canada	49	43	40
Peru	36	43	37
Malaysia	13	26	33
Argentina	29	24	21
India	21	22	21
Others	275	320	261
Total	2,954	2,847	2,605

[1] Source: World Factbook