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Global Agricultural Information Network

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Approved By:

Kevin Sage-EL, ATO Director

Prepared By:

Sangyong Oh, Marketing Specialist

Report Highlights:

South Korea is the fifth largest export market for American agriculture. Imports of American food and agricultural products into Korea in 2013 are on track to reach \$6.2 billion, down about 10 percent from the previous year mainly due to heavy reduction in corn shipments. Nevertheless, the United States continues to see a solid export growth in the intermediate as well as consumer-oriented product segments of the market. As a result, the United States should remain the leading agricultural supplier to Korea with over 20 percent market share. The Korea-United States Free Trade Agreement, implemented in March 2012, coupled with anticipated recovery trend of the Korean economy is expected to generate greater opportunities for American products in Korea in the coming year.

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Disclaimer

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

SECTION I MARKET OVERVIEW

South Korea (herein after referred to Korea) was the world's 13th largest economy in 2012 with a GDP of \$1.64 trillion, up 2 percent from the previous year, and per capita GDP of \$32,800 on a purchasing power parity (PPP) basis ([CIA World Factbook](#)). Despite the impact of the global economic crisis since 2009, the Korean economy has maintained a relatively stable growth partly due to the strong performance of its export sector. The International Monetary Fund (IMF) has recently forecast that the Korean economy would grow 2.8 percent in 2013 and 3.7 percent in 2014.

Korea is the fifth largest export market for American agriculture. Korea by nature relies heavily on imports to fulfill its food and agricultural needs. Korea is about the size of the state of Indiana and over 70 percent of its land is not suitable for commercial farming. Furthermore, a majority of the limited farm land is dedicated to rice production (making rice the only self-sufficient agricultural product in Korea). Its population of 50 million makes Korea the third most densely populated country in the world among the countries with over 20 million in population. To make it even worse, almost 50 percent of the Korean population resides in the Seoul metropolitan area.

Korea's imports of agricultural and food products from the world for 2013 are forecast to total \$31 billion, up 1.7 percent from the previous year. Imports from the United States are forecast to decline 10.3 percent to \$6.2 billion mainly due to heavy reduction in corn shipments (annual American corn shipments to Korea were around \$1 billion to \$2.5 billion in the past, which are reduced down to less than \$1 billion in 2013 as a result of serious drought issue from 2012/2013 crop season). Nevertheless, the United States continues to see a solid export growth in both the intermediate and consumer-oriented product segments of the market, and as a result is expected to remain the leading agricultural supplier to Korea with over 20 percent market share in 2013.

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

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

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

Category	From World			From the U.S.			
	2012*	2013(F)**	Growth	2012	2013(F)	Growth	Mkt Share
BASIC COMMODITY	6,896	7,258	5.2%	2,269	1,343	-40.8%	18.5%
INTERMEDIATE	8,585	8,735	1.7%	1,340	1,561	16.5%	17.9%
CONSUMER-ORIENTED	8,965	8,911	-0.6%	2,808	2,943	4.8%	33.0%
FOREST PRODUCTS	2,394	2,626	9.7%	158	178	12.5%	6.8%
SEAFOOD PRODUCTS	3,645	3,471	-4.8%	169	209	23.5%	6.0%
GRAND TOTAL	30,486	30,989	1.7%	6,743	6,233	-10.3%	20.1%

Source *: Korea Trade Information Service (KOTIS) database, compiled by the U.S. Agricultural Trade Office Seoul

Note **: 2013 figures are forecast based on January-September KOTIS import data trend analysis

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

Advantages	Challenges
Korea is an emerging market where new ideas and trends are eagerly tried and accepted, leading to greater opportunities for new-to-market products.	Consumers are generally biased toward locally produced agricultural products. Many consumers still maintain an idea that local products are superior in quality and safety to imported products.
Korea, by nature, depends heavily on imports for its food and agricultural needs. In addition, consumers are looking for new and international tastes as the income level continues to rise.	High cost of shipping, documentation, inspection, and labeling, coupled with high distributor mark-ups deteriorate price competitiveness of many imported products.
Partly due to the long and strong tie between the two countries, the United States remains a preferred and trusted origin of agricultural products to many Koreans.	Imports of many American products are currently subject to restrictive trade barriers, including high import tariffs, tariff rate quota, and complicated food safety/labeling regulation.
Implementation of KORUS FTA generates new opportunities for American suppliers by significantly reducing the tariff barrier on most products.	Many potential partners between Korea and the United States lack market intelligence and experience to fulfill new business ideas and opportunities.

SECTION II EXPORTER BUSINESS TIPS

A. Where to Start

Market Research:

The first step recommended for new-to-market American supplier seeking an entry into Korea is preliminary research to determine if there is a potential market for its product in Korea. The research should cover key issues including consumption trends, size of the market (imports), major distribution channels, current import tariffs and local taxes, and Korean government regulations and standards. The research, together with consultations with potential Korean import partner down the road, can also help the American supplier to tell if any modifications to its existing product or marketing strategy would be needed. The Foreign Agricultural Service (FAS) under the United States Department of Agriculture (USDA) is a useful source of information and resources available to the American supplier. In particular, Attaché GAIN reports covering various products and industries for the Korean market are available in the FAS website (www.fas.usda.gov). Local offices in Korea under USDA/FAS can also provide the American supplier with catered assistance with various market entry tools as well as links to other relevant sources of support (please see Section VII of this report for contact information of the offices). Additionally, the United States Department of Commerce is another important source of information for non-agricultural products. In particular, the “Country Commercial Guide” published by the department includes a wide range of useful information about the Korean market (www.buyusa.gov/korea/en/).

Establishing Korean Business Partners:

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

An effective tool recommended for developing contacts with Korean importers is exhibiting in reputable food trade shows because Korean importers highly value face-to-face encounters when developing new business with foreign supplier. In particular, the Seoul Food & Hotel, the only show officially endorsed by USDA/FAS in Korea, has been an outstanding venue for new-to-market American suppliers to meet with a large number of key importers and distributors in Korea. Registration information to join the U.S. Pavilion of the show is available from the organizer (www.seoulfoodnhotel.co.kr, rhoon@oakoverseas.com). Other international food trade shows that attract a sizable number of Korean food importers include FoodEx Japan (www3.jma.or.jp/foodex/en/), Natural Products Expo West (www.expowest.com), Fancy Food Show (www.specialtyfood.com), SIAL France (www.sialparis.com), and ANUGA Germany (www.anuga.com).

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

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

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

Once the test shipment finds no conflict against local regulations, and an agreement on price and transaction terms is reached, both parties would move forward to sign a formal contract to start actual business. The type of business relationship agreed between the U.S. exporter and the Korean importer may vary from a market exclusive, long-term business agreement to a non-binding, one-time purchase order mainly depending on how the exporter sees the role of the import partner in market development. One common practice is maintaining a non-binding seller-buyer relationship during the test-market period and then upgrading to a more binding option later if the partnership proves bigger potential. Letter of credit (L/C) is the most common and recommended payment terms used between new business partners. It is also recommended that the contract include an agreement on the method of resolution for any trade dispute that may arise from the transaction.

Meeting Local Tastes:

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

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

product in the duty free warehouse at the port of entry before the customs inspection.

B. Local Business Customs & Practices

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

Initial Communication:

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

Relationship Building & Social Networking:

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

Language:

Although English is the most common foreign language used in Korea and is officially taught in public schools, many Koreans find it difficult to communicate in English. Therefore, the American supplier should be very careful when writing or talking to the Korean counterpart in English. For every communication, the American supplier should try to use plain words, make the sentences as simple and clear as possible, avoid using slangs or trendy expressions, and ask for confirmation that the Korean counterpart has fully understood the idea. When corresponding through written communication, start with words of appreciation, clearly mark the recipient's name, title, and division (as many Koreans have the same last name), indicate a reasonable time frame for a response, and close with additional words of appreciation. By cultural nature, Koreans rarely say, "no" directly. Instead they often say the issue is "difficult." If there is anything unclear or confusing, it is best to ask directly and clearly what additional

information or explanation is needed. When there is no satisfying reply, there is nothing wrong with politely asking again.

Name Cards:

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

Meetings:

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

Evening Gatherings:

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

Dress Code:

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

idea by wearing special attire.

Resolving Conflicts:

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

Trademarks and Patents:

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

C. General Consumer Tastes and Trends

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

Due in part to the aging population, there is a heavy emphasis among the general public on healthy eating, which is interpreted into a strong demand for organic and functional foods. In particular, 'Well-being', a theme that has evoked new consumer movement of seeking both physical and psychological health by adopting more wholesome way of life since early 2000's, remains one of the most influential ideas in the market. As an old Korean proverb "food and medicine are from the same source" says, Korean's long-held belief in health-improving efficacy of foods still prevails and contributes to the on-going popularity of functional foods as well as regular foods that target specific health concerns.

It is important to note that Korean consumers are extremely sensitive to food safety issues as they have gone through many big and small food safety scandals over the years, including BSE cattle, Avian Influenza, Genetically Modified Organism (GMO), Melamine risk from Chinese processed foods, and radiation risk from Japanese seafood. Internet has become a handy source of food safety information for the general public. As a result any food safety concern, regardless of the truthfulness of the event in question, can potentially reach every corner of the market in no time, which makes it difficult for the supplier to respond to the issue timely and efficiently.

Table 3: Aging Korean Population (unit: 1,000 people)

Age Group	1995		2010		Growth
	Number	Share	Number	Share	
0-14	10,236	23.0 %	7,907	16.2%	-22.7 %
15-64	31,678	71.1 %	35,611	72.9%	12.4 %
65 +	2,640	5.9 %	5,357	11.0%	102.9 %

Source: Korea Statistics Office (www.kostat.go.kr)

Improved economic conditions allow Korean consumers to pay more attention to quality and diversity in diet. In particular, better-traveled young consumers, many of whom are educated in foreign countries, are ushering more international products and food culture into the market. It is also notable that the number of ‘super rich’ consumers continues to increase in Korea. While Japan served for many years as a window for Korea to introduce foreign food culture and products, today’s Korean consumers are tracking more diverse international markets, including California, New York, and Paris, for new foreign food ideas and trends.

However, at the same time, the call for better value is also emphasized in the market mainly due to the on-going retirement of the seven million consumers among the Korean baby boomer generation as well as slowing-down of the local economy under the recent global financial crisis. As a result, the number of private brand label products introduced by retail stores is on a rise. Retail stores are also trying to expand direct importation of agricultural products in an effort to eliminate the middlemen in the supply chain and lower the cost to the consumers.

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

SECTION III IMPORT FOOD STANDARDS & REGULATIONS

Korea has well-established standards and regulations on food and agricultural products. Imported products must meet all the local rules to be able to enter and sell in Korea. For detailed information regarding standards and regulations that imported food and agricultural products are subject to in Korea,

including Labeling, Packaging, Export Health Certificates, MRL (Maximum Residue Level) Code, and Food Additive Code, please refer to the following annual reports published by the Office of Agricultural Affairs/FAS Seoul.

(1) [FAIRS \(Food and Agricultural Import Regulations and Standards\) Country Report Annual 2013](#), KS1304 dated January 23, 2013 (or visit www.atoseoul.com or www.fas.usda.gov for more recent update).

(2) [FAIRS Export Certificate Report Annual 2013](#), KS1303 dated January 17, 2013

SECTION IV IMPORT PROCEDURES

A. Customs Clearance

No advance product registration is required to import food and agricultural products into Korea. However, imported products are subject to mandatory documentation and inspection requirements administered by relevant agencies upon arrival in Korea.

The Korea Customs Service (KCS), the Ministry of Food and Drug Safety (MFDS), the National Quarantine Office (for ports that do not have MFDS regional office), and the Quarantine Inspection Agency (QIA) are the agencies involved in the import clearance process. Any failure to satisfy the Korean regulations administered by these agencies will result in delays or rejections. Delays can be costly due to the perishable nature of agricultural products. In addition, other entities may be involved in regulating imports through administration of licenses or, in some cases, quotas established on agricultural products. Due to the complex nature of the import clearance process, importers (or exporters) in general hire licensed customs brokers to handle the needed work.

KCS is responsible for ensuring that all necessary documentation, including inspection results, is in place before the product is released from the bonded area. Therefore, the respective quarantine inspection authorities (MFDS and QIA) must clear products before KCS will clear them. All new-to-market products are subject to mandatory laboratory inspection. Subsequent shipments of the same product that have passed the first laboratory testing will be eligible to much simpler/shorter documentary/visual inspection (but could still be subject to laboratory testing on a random basis).

Table 4: Inspection Duration

Document Inspection	2 - 3 days
Visual Inspection	3 - 5 days
Laboratory Inspection	10 - 18 days
Random Sampling Test	5 days
Incubation Test	14 - 18 days

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

(1) Commercial Invoice

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

C. Import Tariffs and KORUS FTA

Korea utilizes a 10 digit Harmonized Tariff Code System (HSK), and the local authority maintains an exclusive right to classify an imported product to a specific tariff code. As a result, identifying the subject HSK code (and the tariff rate) of a new-to-market product could be a challenging task. KCS offers a service through which traders can submit a sample and receive a preliminary ruling on the HSK code classification. MFDS also offers a service through which traders can verify the product classification.

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

The Korea-United States Free Trade Agreement (KORUS FTA), implemented on March 15, 2012 significant reduces tariffs on many American products imported into Korea. ATO Seoul homepage has a special section that offers detailed information and links related to the KORUS FTA, including:

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

(2) Korea Tariff Schedule: http://www.ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset_upload_file786_12756.pdf
 You will find the base tariff rate and the phase out category for all agricultural and food products, organized by HSK code in the Korea Tariff Schedule. Phase-out categories include:

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

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

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

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

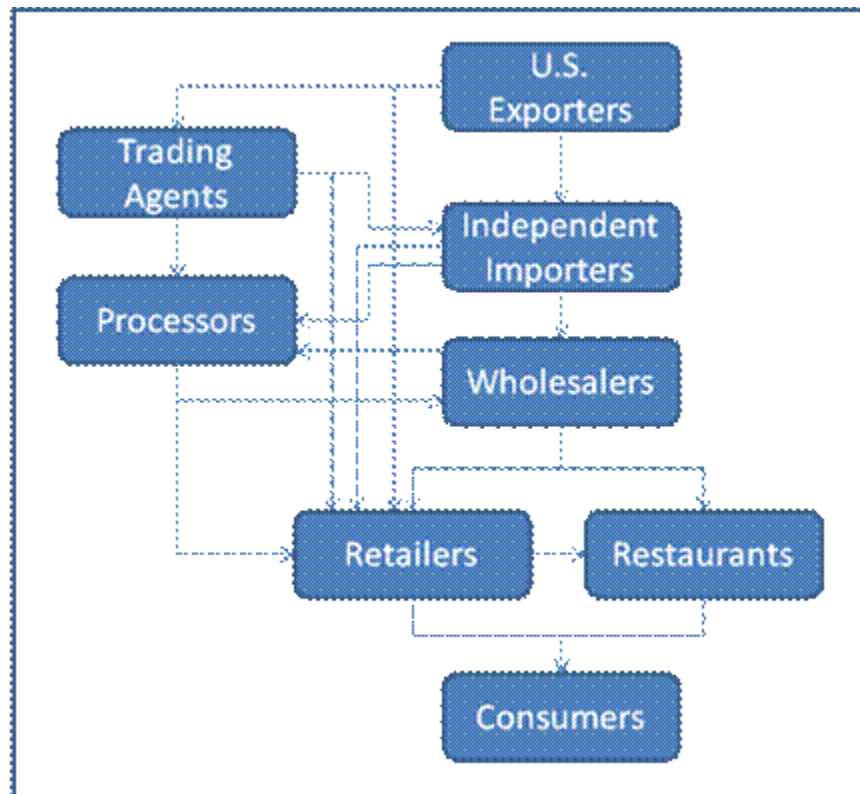
SECTION V. MARKET SECTOR STRUCTURE AND TRENDS

A. Supply Chain and Product Flow

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

It takes at least two weeks for a container ship from a western American port, and four weeks from an eastern port, to arrive in a port in Korea. Most imported consumer ready products enter Korea through the port of Busan, the second largest city in Korea at the southeastern tip of the peninsula. Port of Incheon, which is much closer to the Seoul metropolitan area, is another important entry point. In rare occasions, small-volume-high-value products, such as premium wine and live lobsters, are brought via air cargos through Incheon International Airport (ICN).

Chart 1: Flow of Imported Food and Agricultural Products



Once the products are cleared from the customs, they are transported to the importer's warehouse for

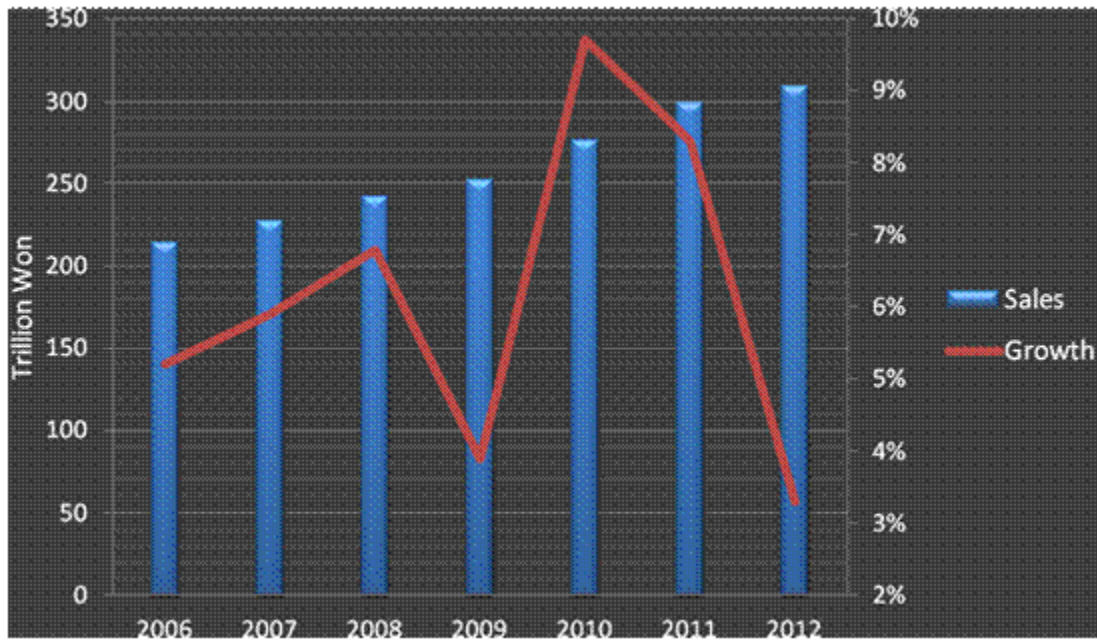
temporary storage. Importers may have warehouses in more than one location. Small, independent importers in general use third party logistics service providers for warehousing and trucking because of high overhead cost. The importer usually supplies directly to the large-scale customer's warehouse but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

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

B. Retail Food Sector

The retail food sector in Korea has evolved dramatically since the opening of the first large-scale discount store (i.e., hypermarket) in 1993 (E-Mart 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). As a result, modern format, large-scale retail businesses such as hypermarket chains, grocery supermarket chains, convenience store chains, and on-line retailers have grown rapidly at the expense of traditional street markets and family-operated small retailers over the years. Expansion of these new retail channels coupled with the introduction of new information technologies has brought a significant change in the way Korean consumers purchase daily necessities, including food.

Chart 2: Retail Sector Sales in Korea



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

Hypermarkets, armed with economy of scale price and one-stop shopping convenience have stepped up to the largest retail force in Korea since 2002, replacing the former leader, department stores. Hypermarkets accounted for a 12.1 percent of overall retail sector sales in 2012. However, hypermarket segment is expected to see a stagnant growth in the coming year mainly because there is limited room left in the market for new stores. In addition, emerging social initiative of protecting small businesses may generate additional regulatory barriers to the industry that would limit the operation hours and opening of new stores.

On-line retailers, including internet shopping, TV home-shopping, and catalog shopping, have stepped up to the second largest retail force in Korea since 2007. Sales of on-line retail segment grew 35.5 percent between 2009 and 2012 to take an 11.9 percent of overall retail sector sales in 2012. On-line retailers, internet shopping malls in particular, are expected to remain one of the fastest growing retail forces in Korea in the coming year as more and more consumers are attracted to this innovative shopping tool for convenience and value. Market analysts point out that Korea has the right mix of socio-economic conditions that favor growth of on-line retail business, in particular high population density and high affinity toward new information technologies.

Expansion of affluent consumer group has led an outstanding growth of department store segment in recent years even under the economic slow-down. Sales of the segment grew 31 percent between 2009 and 2012, which was much higher than hypermarkets. Leading players in the segment have successfully realigned their market position by up-scaling the store layout and product assortment to catch up with the evolving tastes of their target consumers.

Growth of grocery supermarket segment has been driven by ‘Super Supermarkets (SSM)’ industry in recent years. SSM is a grocery store chain under the umbrella of large-scale retail company that targets congested residential areas where larger size hypermarket store cannot infiltrate. However, expansion

of SSM business has met strong opposition from local government and NGO groups for driving small-scale grocers out of business. As a result, growth of grocery supermarket segment is likely to see a stagnant growth in the coming year.

Convenience store segment is expected to continue a robust growth in the coming year, reflecting busier lifestyle of Korean consumers. Although on a decline, traditional retailers such as street markets and family-operated small grocers still account for a significant retail force particularly in areas where modern format, large-scale retailers have yet to penetrate.

Table 5: Breakdown of Overall Retail Sector Sales in Korea

Segment	2009		2012		Sales Growth
	Sales***	M/S	Sales	M/S	
Hypermarkets	₩31.2 trillion	12.4%	₩37.5 trillion	12.1%	20.2%
On-line Retailers*	₩27.0 trillion	10.8%	₩36.6 trillion	11.9%	35.5%
Department Stores	₩21.8 trillion	8.6%	₩28.5 trillion	9.2%	31.0%
Grocery Supermarkets	₩22.4 trillion	8.9%	₩26.5 trillion	8.6%	18.2%
Convenience Stores	₩6.2 trillion	2.5%	₩10.2 trillion	3.3%	63.9%
Others**	₩146.9 trillion	56.8%	₩169.7 trillion	54.9%	18.6%
Total	₩251.7 trillion	100%	₩309.1 trillion	100%	22.8%

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

Note *: 'On-line Retailers' refers to Internet shopping, TV home-shopping, catalog shopping, and other types of retail business over communication tools that bypass physical stores.

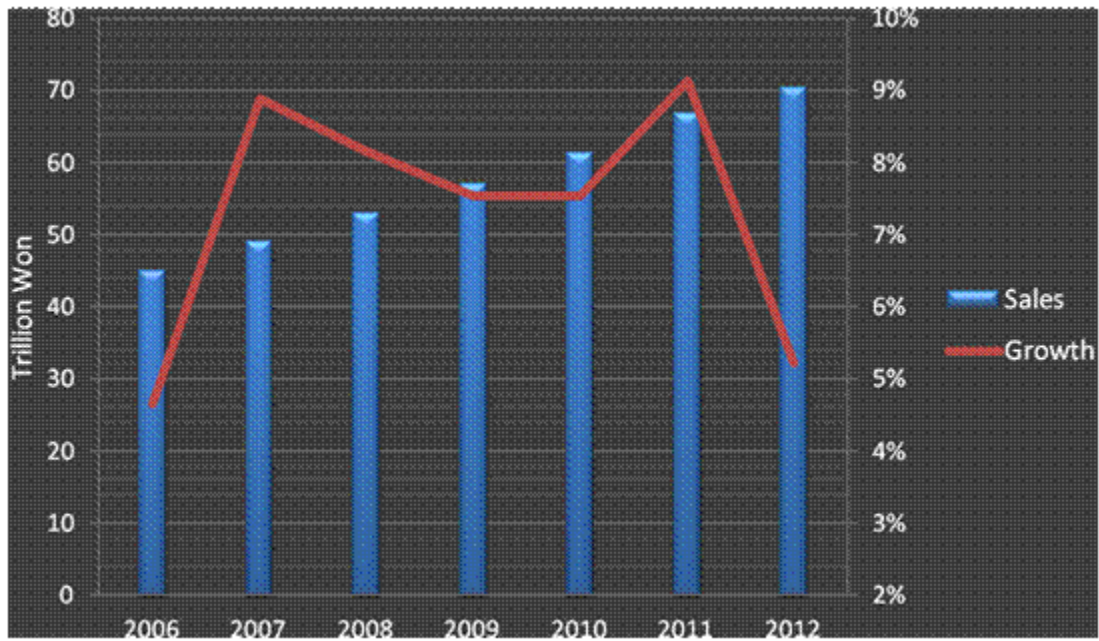
Note **: 'Others' includes automobile, gas stations, and single-category retailers such as electronics shops as well as family-operated small retailers and wet markets.

Note ***: \$1 = ₩1,126 won (2012)

Total sales of food and agricultural products in the retail sector amounted to ₩70.4 trillion in 2012, up 5 percent from the previous year. In other words, food and agricultural products accounted for about 23 percent of overall retail sector sales in Korea.

Grocery supermarket segment was the leading retail channel for food products with an estimated ₩22.4 trillion of food sales in 2012, followed by hypermarket segment. Despite the rapid growth, on-line retailers still remain a relatively minor retail channel for food products. However, sales of food products through on-line retailers are likely to increase rapidly in the near future because most of the leading conventional retail companies, in particular grocery supermarkets and hypermarkets, have been making heavy investment to sell food and agricultural products on-line as well.

Chart 3: Sales of Food in Retail Sector in Korea



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

Table 6: Estimated Sales of Food Products by Retail Channel

Year 2012	Share of Food Products in Total Sales*	Total Food Sales (Estimates)
Grocery Supermarkets	84.5%	₩22.4 trillion
Hypermarkets	51.0%	₩19.1 trillion
Convenience Stores	51.4%	₩5.2 trillion
On-line Retailers	9.2%	₩3.4 trillion
Department Stores	10.1%	₩2.9 trillion
Others	10.3%	₩17.4 trillion
Total		₩70.4 trillion

Note *: Share figures were based on a survey of leading companies in each segment by the Korea Chain Store Association in 2012.

Rapid expansion of large-scale businesses over the years has heightened the competitive pressure in the sector. As a result, leading players have actively pursued merger and acquisition (M&A) opportunities in recent years to achieve bigger control of the market. For example, Lotte Super acquired CS Retail, a regional grocery supermarket chain with 34 stores, in 2011. E Mart acquired Kims Club Mart, another grocery supermarket chain with 54 stores, in 2011. It is also notable that leading retail companies in Korea today are “horizontally integrated” retail force that operates businesses in almost all retail channels in the market. For example, the business umbrella of Lotte Shopping Co. includes grocery supermarkets, hypermarkets, department stores, convenience stores, outlet shopping malls, TV home shopping, and Internet shopping malls. Expansion into foreign markets has been another area that leading Korea retailers have invested heavily in recent years for new growth opportunity. For example, Lotte Mart, which currently operates 103 hypermarket stores in Korea, has increased its stores in foreign markets to 138 as of January 2013, including 103 in China.

Korean retailers in general rely heavily on independent importers for imported food and agricultural products. Although leading players are seeking ways to expand direct imports for lower cost and improved product assortment, their current attention is mainly targeted on a limited number of large volume products such as fresh banana and beef. On the other hand, retailers of international origin, Costco Wholesale Korea in particular, procure a large part of the imported products that they sell directly through their international sourcing network. Private label (PB) product business is another area that Korean retailers are paying additional attention for higher profit and customer loyalty.

Growth of modern retail business in Korea has coincided with development of modern, large-scale logistics service industry. Leading retailers are equipped with temperature controlled distribution network of trucks and warehouses that cover the entire market. On the other hand, small to medium size retailers in general rely on third party logistics service providers. Logistics service industry is likely to continue a strong growth in the coming year due to a rapid rise in demand for home delivery service which is now widely offered not only by on-line retailers but also by conventional retail stores.

Each Korean household spent on average W358,969 won, or 14.6 percent of its total monthly consumption expenditure on grocery food purchases in 2012. Compared to 2009, household spending showed a significant increase on bakery, processed meat, fruits, vegetables, confectioneries & snacks, spices & seasonings, coffee & tea, and juice & beverages. On the other hand, spending on grains, fresh seafood, and oil & fat showed a decline.

Table 7: Breakdown of Monthly Korean Household Grocery Food Purchases

Year	2009		2012		Spending Growth
Number of Household Members	3.33		3.27		
Product Category	Amount	Share	Amount	Share	
Grains	W21,957	7.2%	W21,092	5.9%	-3.9%
Processed Grains	W14,746	4.8%	W16,813	4.7%	14.0%
Bakery & Rice Cakes	W17,979	5.9%	W21,708	6.0%	20.7%
Meat	W43,880	14.3%	W49,166	13.7%	12.0%
Processed Meat	W7,905	2.6%	W11,573	3.2%	46.4%
Fresh Seafood	W21,488	7.0%	W21,207	5.9%	-1.3%
Salted Seafood	W6,426	2.1%	W7,045	2.0%	9.6%
Other Processed Seafood	W6,097	2.0%	W7,123	2.0%	16.8%
Dairy & Eggs	W28,571	9.3%	W31,805	8.9%	11.3%
Oils & Fats	W2,801	0.9%	W2,753	0.8%	-1.7%
Fresh & Processed Fruits	W35,284	11.5%	W43,314	12.1%	22.8%
Fresh & Processed Vegetables	W31,235	10.2%	W39,679	11.1%	27.0%
Fresh & Processed Seaweeds	W3,875	1.3%	W4,375	1.2%	12.9%
Confectioneries & Snacks	W19,838	6.5%	W26,069	7.3%	31.4%
Spices & Seasonings	W11,018	3.6%	W14,963	4.2%	35.8%
Other Processed Foods	W8,662	2.8%	W10,208	2.8%	17.8%
Coffee & Tea	W6,095	2.0%	W8,500	2.4%	39.5%
Juice & Beverages	W9,798	3.2%	W11,797	3.3%	20.4%

Alcohol Beverages	W8,356	2.7%	W9,779	2.7%	17.0%
Total	W306,008	100.0%	W358,969	100.0%	17.3%

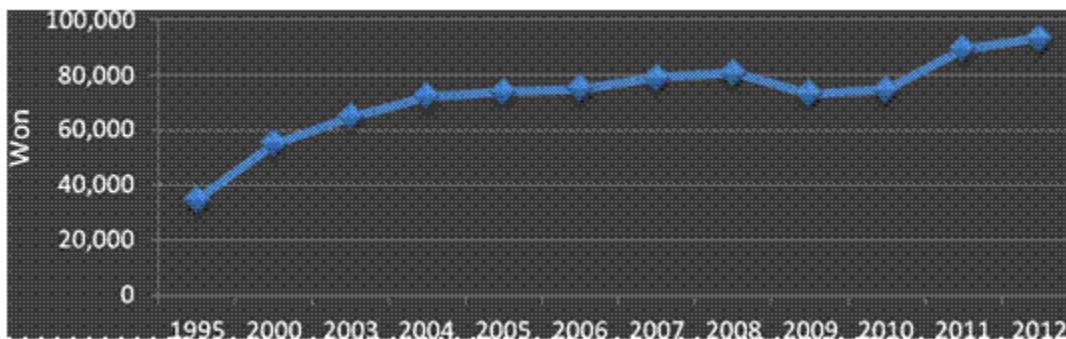
Source: Monthly Household Expenditure Survey, Korea Statics Office (<http://kosis.kr>)

For further information about the retail food sector in Korea, please refer to the [Korea Retail Food Sector Biennial Report 2013](#), KS1318 dated March 12, 2013.

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

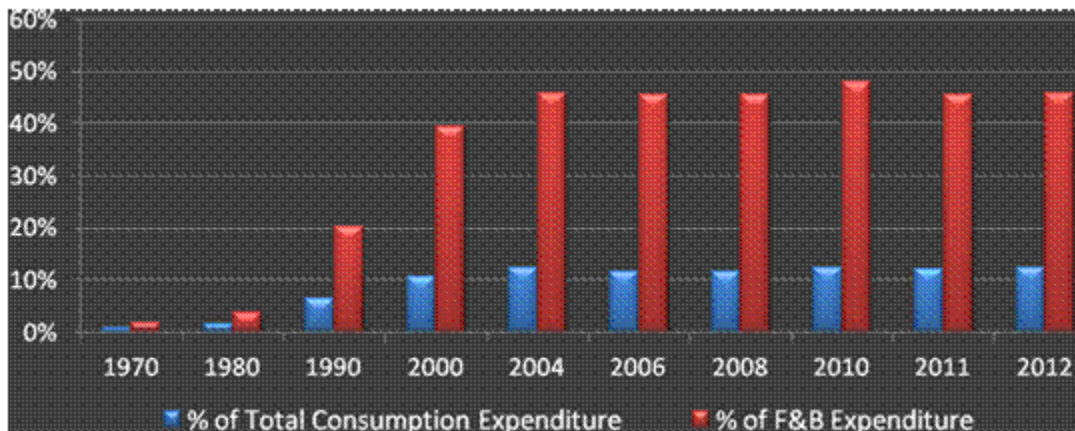
Changes in lifestyle and dietary culture coupled with increased consumer income level have resulted in a rapid growth of the food service industry in Korea over the years. Monthly per capita household spending on eating outside of the home has more than doubled during the last ten years, reaching W93,211 won in 2012, up 4.4 percent from the previous year. In other words, each Korean household spent 45.9 percent of its food and beverage expenditure, or 12.4 percent of total consumption expenditure on eating outside the home. It is expected that spending on eating outside the home will continue to grow in the coming years as Korean consumers face ever busier lifestyle with increased number of dual-income families and single-member households.

Chart 4: Monthly Per Capita Household Spending on Eating Outside the Home



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

Chart 5: Share of Eating Outside the Home in Household Spending



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

According to the Korean government statistics, the restaurant and bar industry earned a total of W73.5 trillion won of cash register sales in 2011, up 9.9 percent from the previous year. Restaurant industry accounted for W59.6 trillion won of sales while bar industry accounted for the rest W13.9 trillion won of sales. Restaurants serving Korean dishes were the single largest segment of the industry by accounting for W36.8 trillion won of sales. Over 77 percent of the restaurant industry sales were by full service restaurants whereas quick service restaurants accounted for the rest 23 percent of the sales. However, quick service restaurants in general have shown much bigger sales growth in recent years than full service restaurants as the demand for quick meal solutions among the general public increased.

Table 8: Breakdown of Restaurant & Bar Industry in Korea

Category		Year	Sales	Store Number
Full Service Restaurants	Korean	2009	W33,770 billion	278,978
		2011	W33,892 billion	289,218
	Chinese	2009	W3,097 billion	21,466
		2011	W3,009 billion	21,458
	Japanese	2009	W1,752 billion	6,268
		2011	W1,972 billion	6,707
	Western	2009	W3,098 billion	9,471
		2011	W3,500 billion	9,710
	Contract Feeding	2009	W2,833 billion	4,566
		2011	W3,697 billion	5,578
	Catering	2009	W139 billion	469
		2011	W110 billion	459
Quick Service Restaurants	Bakery	2009	W2,754 billion	12,102
		2011	W3,785 billion	13,678
	Korean	2009	W2,722 billion	45,454
		2011	W2,870 billion	44,912
	Western	2009	W5,954 billion	43,082
		2011	W6,802 billion	48,074
Bars & Salons	2009	W13,745 billion	158,649	
	2011	W13,870 billion	167,386	

Source: Wholesale & Retail Industry Statistics, Korea Statics Office

It is notable that the Korean food service sector is still largely composed of small-scale, family-operated businesses as evidenced by the fact that over 90 percent of restaurants and bars in Korea were small businesses that hired less than five employees as of 2011. In addition, over 64 percent of restaurants and bars earned less than W100 million won (roughly \$100,000) of annual cash register sales. Marketers point out that there are too many restaurants in Korea for the population. Roughly speaking, there is one restaurant per every 100 Koreans. As a result, distribution of products in the food service industry still relies heavily on traditional channels, which involve multiple layers of small-scale middlemen distributors between the producer and the restaurant. However, restructuring of the sector, mainly fueled by expansion of large-scale corporations into the food service business over the last several years, has led to a rapid growth of large-scale restaurants and bars, many of them under

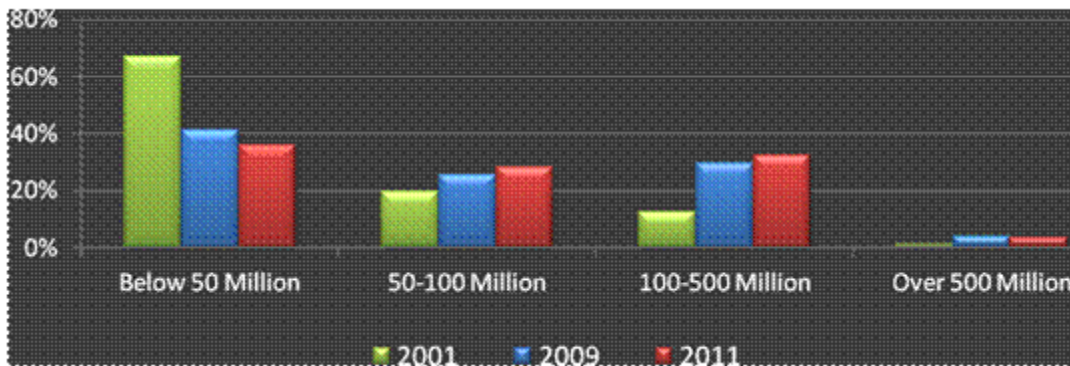
franchise operation, at the expense of small-scale, independent businesses. The industry restructuring has also coincided with a rapid development of large-scale, broad-line food service distributors that offer streamlined and consolidated product supply over the years.

Chart 6: Annual Sales and Total Number of Restaurants & Bars in Korea



Source: Annual Industry Survey, Korea Statistics Office

Chart 7: Breakdown of Restaurants and Bars by Annual Sales (Unit: Won)



Source: Annual Industry Survey, Korea Statistics Office

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

For further detailed information about the HRI food service sector in Korea, please refer to [Korea HRI Food Service Sector Biennial Market Brief 2012](#), KS1219 dated March 28, 2012.

D. Food Processing Sector

Korea maintains a strong processing industry that manufactures a wide variety of processed food products. There were over 22,000 food processing companies in Korea, which generated W43.1 trillion

won of cash register sales in 2011, up 14.3 percent from the previous year.

Chart 8: Annual Sales of Food Processing Industry in Korea



Source: Food Industry Survey, Korea Statics Office

Table 9: Top 20 Product Groups of Korean Food Processing Industry (2011)

Rank	Product	Volume	Value
1	Instant Noodle	381,000 MT	W1,360 Billion
2	Carbonated Beverage	1,246,000 MT	W1,293 Billion
3	Other Bakery Product	500,000 MT	W1,165 Billion
4	Wheat Flour	1,655,000 MT	W1,078 Billion
5	Other Processed Food	400,000 MT	W1,015 Billion
6	Snack	147,000 MT	W971 Billion
7	Table Sugar	1,282,000 MT	W906 Billion
8	Cake & Bread	122,000 MT	W868 Billion
9	Seasoned Food	146,000 MT	W840 Billion
10	Mixed Beverage	692,000 MT	W840 Billion
11	Sauces	350,000 MT	W810 Billion
12	Processed Seafood	202,000 MT	W799 Billion
13	Biscuits & Cookies	134,000 MT	W797 Billion
14	Chocolates	97,000 MT	W751 Billion
15	Kimchi	327,000 MT	W654 Billion
16	Instant Noodle in Self-serving Container	108,000 MT	W570 Billion
17	Instant Coffee	268,000 MT	W523 Billion
18	Soybean Oil	395,000 MT	W515 Billion
19	Tofu	347,000 MT	W499 Billion
20	Processed Grain	353,000 MT	W471 Billion

Source: Food Industry Survey, Korea Statics Office

Table 10: List of Top 10 Food Processing Companies in Korea (2011)

Rank	Name of Company	Annual Sales	Key Products

1	CJ Cheiljedang	W2,485 Billion Won	Flour, Noodles, Sugar, Sauces, Flavors, Fat & Oils, Ready-to-serve food, Snacks, Beverages
2	Nongshim	W2,073 Billion Won	Instant noodles, Snacks, Beverages
3	Lotte Chilsung	W1,513 Billion Won	Beverages
4	Lotte Confectionary	W1,109 Billion Won	Snacks, Chocolates
5	Coca-Cola Beverage	W833 Billion Won	Beverages
6	Orion	W749 Billion Won	Snacks, Chocolates
7	Ottoogi	W712 Billion Won	Sauces, Oils, Instant noodles, Ready-to-serve food
8	Paris Croissant	W708 Billion Won	Bakery products
9	Daesang	W702 Billion Won	Noodles, Sauces, Flavors, Fat & Oils, Ready-to-serve food, Beverages
10	Shani	W649 Billion Won	Bakery products

Source: Food Distribution Yearbook 2013, Monthly Food Journal

Korean processors in general are trying to expand their sales to foreign markets. Korean government has also been providing the industry with a financial and promotional support under “globalization of Korean Food” initiative. However, the local processing industry relies heavily on imports for raw materials, intermediate ingredients, and additives because of limited local resources. As a result, Korean food processing industry is an outstanding buyer for almost all types of agricultural products for processing use from basic commodities such as corn and wheat to intermediate ingredients such as whey powder and fruit juice concentrate to food additives such as flavors and coloring agents.

It is notable that the local processing industry is participated by a large number of small to medium size businesses as indicated by the fact that only 123 of the 22,974 processing companies had over 300 employees as of 2011.

Table 11: Breakdown of Food Processing Companies by Employment Size (2011)

Number of Employees	Number of Processors
Less than 50	22,199
50 – Less than 300	652
Over 300	123
Total	22,974

Source: Food Industry Survey, Korea Statics Office

For further detailed information about the food processing sector in Korea, please refer to the [Korea Food Processing Ingredients Sector Biennial Market Brief 2012](#), KS1249 dated December 20, 2012.

SECTION VI. KOREA'S AGRICULTURAL & FOOD IMPORTS

A. Agricultural & Food Import Statistics

[Monthly updated statistics of Korea's agricultural and food imports](#), organized by a 4-digit HS code based on the Korea Trade Information Service (KOTIS) database is available from the ATO Seoul's Internet home-page (www.atoseoul.com).

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

Product Category	HS Code	2012 Imports (\$ Mil) from Total	3 Yr. Avg. Annual Import Growth Total	Import Tariff Rates *	Key Constraints over Market Development	Market Attractiveness for U.S. Suppliers
		USA	USA			
Beef	0201-0202	1,260	5.5%	34.6%	BSE image, Competition, High tariffs	Stable supply, Good quality, Competitive price
		472	6.5%			
Pork	0203	1,130	23.4%	0% TRQ - 18%	Competition, High tariffs	Stable supply, Good quality, Competitive price
		472	38.6%			
Poultry	0207	247	16.5%	12.8 - 21.6%	Competition, High tariffs	Stable supply, Good quality
		92	9.4%			
Fish, Frozen	0303	1,329	4.6%	0% - 63%	Competition, Local taste	Reduced local supply Safety concerns on Japanese fish
		99	21.5%			
Cheese & Curd	0406	360	13.0%	0% TRQ - 31.2%	High tariffs, EU competitors	Stable supply, Good quality, Competitive price
		141	28.4%			
Nuts	0802	263	28.1%	0% - 491.2%	High price, Limited supply	Health image, Good quality
		240	24.7%			
Citrus	0805	251	23.1%	0% - 124.8%	High tariffs, Sanitation protocol	Stable supply, Good quality Competitive price
		237	23.3%			
Grapes	0806	151	21.5%	0% - 39.7%	Chile, Competition	Good quality
		27	20.6%			
Cherries, Fresh	0809.20	83	50.1%	0%	Short shelf life	Good quality
		81	54.5%			
Coffee	0901	477	9.5%	0% - 4.8%	Competition	Strong growth of café industry
		39	19.5%			
Margarine, Shortening	1517	82	13.0%	0% - 4.8%	Competition, Local processors	Stable supply
		32	13.3%			
Sausages & Similar Products	1601	25	5.0%	10% - 10.8%	EU competitors, Local processors No beef product	Good quality, Competitive price
		23	5.5%			

Sugar Confectionery	1704	97	11.5%	4.8% - 6.4%	EU competitors, Local processors	Good brand recognition
		16	14.8%			
Chocolate & Food Preparation	1806	261	12.8%	4.8% - 33.8%	EU competitors, Local processors	Good brand recognition
		89	12.2%			
Bread, Pastry, Cakes, etc.	1905	228	18.1%	4.8% - 6.4%	EU competitors, Local processors	Good brand recognition
		57	16.1%			
Processed Vegetables & Fruits & Juices	2001-2009	850	10.9%	0% - 43.3%	High tariffs, Competition	Good quality
		244	11.9%			
Sauces & Preparations	2103	198	7.4%	0% - 39%	Competition, Local taste	Demand for new taste
		24	4.4%			
Food Preparations	2106	719	8.7%	0% - 603.4%	Competition Local taste	Good brand recognition
		366	14.4%			
Flavored Mineral Water	2202	57	22.7%	0% - 21.4%	Competition	Good brand recognition
		19	-4.0%			
Beer	2203	74	22.7%	21.4%	Competition	Good quality Good diversity
		6	2.7%			
Wine	2204	147	10.2%	0%	Competition High price	Good quality
		17	18.1%			
Spirits, Liqueurs	2208	249	-1.6%	0% - 18%	EU competitors Health concern	Unique products
		8	1.6%			

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

SECTION VII. KEY CONTACTS AND FURTHER INFORMATION

A. USDA/FAS Offices in Korea

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

U.S. Agricultural Trade Office Seoul (ATO)

Korean Address: Room 303, Leema Building, 146-1, Susong-dong, Jongro-gu, 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

Internet homepage: www.atoseoul.com

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

Korean Address: U.S. Embassy, 82, Sejong-ro, 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, 146-1, Susong-dong, 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. USDA/FAS' On-line 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, the U.S. Suppliers Service is a searchable database of over 5,000 U.S. exporters and their products, which is used by USDA/FAS to help facilitate connecting potential buyers with U.S. suppliers. This database is used by more than 85 USDA/FAS Overseas offices to help export agents, trading companies, importers and foreign market buyers locate U.S. suppliers. It is also used to recruit U.S. exporters to participate in market development activities sponsored by USDA and federal export programs.

For more information to register to the list, please contact:

exportassist@fas.usda.gov

C. State Regional Trade Groups (SRTG)

For information about financial supports and export aid 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: janet@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: thamilton@foodexport.org
Website: www.foodexport.org

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

D. 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/korea

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

Address: #4501 Trade Tower, 159-1 Samsung-dong, Gangnam-gu, Seoul, Korea

Telephone: +82-2 564-2040 Fax: +82-2 564-2050

E-mail: amchamrsvp@amchamkorea.org

Homepage: www.amchamkorea.org

3. American State Offices in Korea (ASOK)

Fairfax County Economic Development Authority (FCEDA) VA, USA

Representative: Mr. Charles Kim

Garden5 Works A-618, 289 Munjeong-dong

Songpa-gu, Seoul 138-200, Korea

Phone: 82-2-774-0601

Fax: 82-2-774-6646

E-mail: fairfaxkorea@fceda.org Website: www.fairfaxcountyeda.org

State of Georgia Korea Office

Representative: Mr. Peter Underwood

5-23, Hyochang-dong, Yongsan-gu, Seoul 140-121, Korea

Tel: 82-2-701-3222

Fax: 82-2-701-9858

E-mail: punderwood@georgia.org Website: www.global-georgia.org

Idaho State Representative Office Seoul Korea

Representative: Mr. Woo-Joo Chang

Rm. 1207, Woosung Character 199 Bldg.

467-24, Dogok-dong, Kangnam-gu, Seoul 135-270, Korea

Tel: 82-2-753-7750

Fax: 82-2-561-6921

E-mail: kabifj@unitel.co.kr

The Port of Jacksonville Korea Office

Representative: Mr. Chang-Kwon Oh

3F Gosung Bldg.

380-14 Seogyo-dong, Mapo-gu, Seoul 121-794, Korea

Tel: 82-70-7404-9302 Fax: 82-2-725-9313
E-mail: ckoh_seoul@yahoo.co.kr

The Port of Los Angeles Korea Office
Representative: Mr. Keun-Ho Park
Rm. 2401, 24th Fl., Janggyo Bldg.,
1, Jangkyo-dong, Jung-gu, Seoul 100-760, Korea
Tel: 82-2-720-8590 Fax: 82-2-720-1886
E-mail: khpark@dolship.co.kr Website: www.portoflosangels.org

Missouri Trade & Investment Office – Korea
Representative: Ms. Hyun-Sook Kim
COEX World Trade Center, Rm. 422
159 Samsung-dong, Kangnam-gu, Seoul 135-731, Korea
Tel: 82-2-6000-3990 Fax: 82-2-6000-3993
E-mail: hskim@impex.or.kr Web Site: www.ded.mo.gov, www.mda.mo.gov

North Carolina State & Ports Authority
Representative: Mr. Sung-Hoon Bae
Pos-Hometown 308-302, Bojeong-dong,
Giheung-gu, Yongin, 446-756, Korea
Tel: 82-2-6000-2250 Fax: 82-31-889-9568
E-mail: shbae@ncstate.or.kr website: www.ncstate.or.kr

State of Oklahoma Apache Indian Economic Development Korea Office
Representative: Mr. Jin-Sook Kim
15-16, Yoido-dong, Youngdungpo-gu, Seoul 150-010, Korea
Tel: 82-2-784-2225 Fax: 82-2-784-2256
E-mail: jkim@apachetribe.org Website: www.apachetribe.org

Korea Representative Office, State of Oregon
Representative: Dr. Jin-Won (Jim) Kim
Suit 1301, Samyung Bldg., Sokong-dong 70
Chung-gu, Seoul 100-070, Korea
Tel: 82-2-753-1349 Fax: 82-2-753-5154
E-mail: oregonkorea@kornet.net Website: www.oregonkorea.org

Commonwealth of Pennsylvania Korea Office
Representative: Mr. Ken Yang
7th Fl., Yulchon Bldg.,
24-1, Yoido-dong, Youngdungpo-gu, Seoul 150-877, Korea
Tel: 82-2-786-7701 Fax: 82-2-786-7704
E-mail: kyang@pennsylvania.or.kr Website: www.pennsylvania.or.kr

South Central Kentucky Korea Office
Representative: Mr. Sung-Duck Oh

102-1601, Hyundai Hometown
 600-15, Dukso-ri, Wabu-eup, Namyangju-si, Gyeonggi-do 472-945, Korea
 Tel: 82-31-521-8426 Fax: 82-31-516-0426
 E-mail: indiace@unitel.co.kr Website: www.southcentralky.com

State of Utah Korea Office
 Representative: Ms. Hyun-Sook Kim
 KWTC P.O.Box 73
 159, Samsung-dong, Kangnam-gu, Seoul 135-650, Korea
 Tel: 82-2-6000-3991 Fax: 82-2-6000-3993
 E-mail: hskim@impex.or.kr Website: www.international.utah.gov

Virginia Port Korea Office
 Representative: Mr. Sang-Yong Lee
 Rm.1807 Trade Tower, Samsung 1-dong
 Kangnam-gu, Seoul 135-729, Korea
 Tel: 82-2-739-6248 Fax: 82-2-739-6538
 E-mail: slee@vit.org , slee@portofvirginia.com Website: www.vit.org

APPENDIX. KEY SOCIO-ECONOMIC INFORMATION OF KOREA

Item	Description
Location	Eastern Asia, southern half of the Korean Peninsula bordering the East Sea (Sea of Japan) and the Yellow Sea
Geographic coordinates	37 00 N, 127 30 E
Area	Total: 99,720 sq km - Country comparison to the world: 109th (slightly larger than State of Indiana) Land: 96,920 sq km Water: 2,800 sq km
Coastline	2,413 km
Climate	Temperate, with rainfall heavier in summer than winter
Terrain	Mostly hills and mountains; wide coastal plains in west and south
Natural resources	Coal, tungsten, graphite, molybdenum, lead, hydropower potential
Land use	Arable land: 14.93%
	Permanent crops: 2.06%
	Other: 83% (2011)
Natural hazards	Occasional typhoons bring high winds and floods; low-level seismic activity common in southwest
	Volcanism: Halla (elev. 1,950 m) is considered historically active although it has not erupted in many centuries
Ethnic groups	Homogeneous (except for about 20,000 Chinese)
Religions	Christian 31.6% (Protestant 24%, Roman Catholic 7.6%), Buddhist 24.2%, other or unknown 0.9%, none 43.3% (2010 survey)

Languages	Korean, English (widely taught in junior high and high school)
Population	48,955,203 (July 2013 est.) - country comparison to the world: 26th
Age structure	0-14 years: 14.6%
	15-64 years: 73.1%
	65 years and over: 12.3% (2013 est.)
Population growth	0.18% (2013 est.) - comparison to the world: 178th
Urbanization	Urban population: 83.2% of total population (2011)
Metropolitan cities populations	SEOUL (capital) 9.778 million; Busan (Pusan) 3.439 million; Incheon (Inch'on) 2.572 million; Daegu (Taegu) 2.458 million; Daejon (Taejon) 1.497 million (2009)
Life expectancy at birth	Total population: 79.55 years Country comparison to the world: 42st
Literacy	Definition: age 15 and over can read and write
	Total population: 97.9% (2002)
Capital	Name: Seoul
	Geographic coordinates: 37 33 N, 126 59 E
	Time difference: UTC+9 (14 hours ahead of Washington, DC during Standard Time)
Administrative divisions	9 provinces (do, singular and plural) and 7 metropolitan cities (gwangyoksi, singular and plural)
	Provinces: Chungcheong-bukto (North Chungcheong), Chungcheong-namdo (South Chungcheong), Gangwon, Gyeonggi, Gyeongsang-bukto (North Gyeongsang), Gyeongsang-namdo (South Gyeongsang), Jeju, Jeolla-bukto (North Jeolla), Jeolla-namdo (South Jeolla)
	Metropolitan cities: Busan (Pusan), Daegu (Taegu), Daejon (Taejon), Gwangju (Kwangju), Incheon (Inch'on), Seoul, Ulsan
Independence	15 August 1945 (from Japan)
Legal system	Mixed legal system combining European civil law, Anglo-American law, and Chinese classical thought
	Elections: president elected by popular vote for a single five-year term; election last held in December 2012; prime minister appointed by president with consent of National Assembly
International organization participation	ADB, AFDB (nonregional member), APEC, ARF, ASEAN (dialogue partner), Australia Group, BIS, CD, CICA, CP, EAS, EBRD, FAO, FATF, G-20, IADB, IAEA, IBRD, ICAO, ICC, ICRM, IDA, IEA, IFAD, IFC, IFRC, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC, LAIA (observer), MIGA, MINURSO, NEA, NSG, OAS (observer), OECD, OPCW, OSCE (partner), Paris Club (associate), PCA, PIF (partner), SAARC (observer), UN, UNAMID, UNCTAD, UNESCO, UNHCR, UNIDO, UNIFIL, UNMIL, UNMOGIP, UNOCI, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO, ZC
GPD (purchasing power parity)	\$1.64 trillion (2012 est.) Country comparison to the world: 13th
GDP (official exchange rate)	\$1.156 trillion (2012 est.)

GDP composition by sector	Agriculture: 2.7%
	Industry: 39.8%
	Services: 57.5% (2012 est.)
Labor force	25.5 million (2012 est.)
Unemployment	3.2% (2012 est.)
Household income or consumption by	Lowest 10%: 6.4%
	Highest 10%: 37.7% (2011)
Distribution of family income - Gini index	41.9 (2011)
	Country comparison to the world: 51st
Inflation rate	2.2% (2012 est.)
Commercial bank prime lending rate	5.39 (31 December 2012 est.)
Agriculture - products	Rice, root crops, barley, vegetables, fruit; cattle, pigs, chickens, milk, eggs; fish
Industries	Electronics, telecommunications, automobile production, chemicals, shipbuilding, steel
Current account balance	\$3.14 billion (2012 est.)
Exports	\$552.6 billion (2012 est.)
Exports - commodities	Semiconductors, wireless telecommunications equipment, motor vehicles, computers, steel, ships, petrochemicals
Exports -partners	China 24.4%, US 10.1%, Japan 7.1% (2011 est.)
Imports	\$514.2 billion (2012 est.)
Imports - commodities	Machinery, electronics and electronic equipment, oil, steel, transport equipment, organic chemicals, plastics
Imports - partners	China 16.5%, Japan 13.0%, US 8.5%, Saudi Arabia 7.1%, Australia 5% (2011 est.)
Exchange rate: South Korean won (KRW) per US dollar	1,126.47 (2012 est.)
	1,108.3 (2011 est.)
	1,153.77 (2010 est.)
	1,276.93 (2009)
	1,101.7 (2008)
	929.2 (2007)

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