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Prepared By: Sunyoung Yoo, Marketing Specialist

Approved By: Lisa Allen

Report Highlights:

As the 5th largest country export market for the United States, Korea provides a promising market for U.S. agricultural products. In 2021, Korea imported about \$43 billion agricultural & food products from all over the world and the U.S. supplied a quarter of it, ranking number one. Other key suppliers were China, Australia, Brazil, and Vietnam. Korea's overall agricultural imports this year are forecast to top the 2021 value by 20 percent partly due to increased demand from both the retail and processing sectors. From January to October this year, the U.S. exports already surpassed its last year's record for the same period. U.S. food and agricultural products will continue to be competitive in the market long-term considering ongoing socio-economic shifts with extended consumer concerns over quality, value, and sustainability.

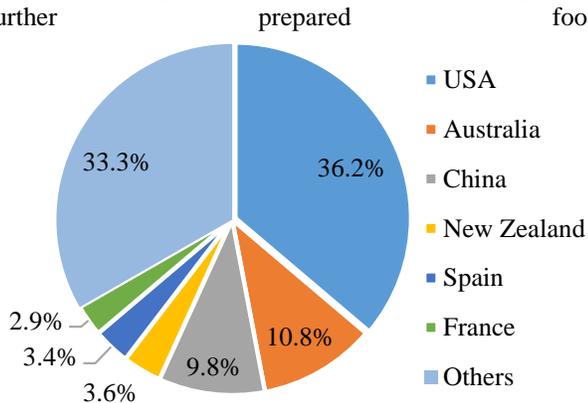
Market Fact Sheet: South Korea

Executive Summary

South Korea has the 10th largest economy in the world with a GDP of \$1.8 trillion and a per capita GNI of \$35,373 in 2021. It is about the size of Indiana and has a population of 51.6 million. Over 80 percent of Koreans live in urban areas. Domestic production meets only 46 percent of food demand. The United States exported \$10.2 billion in agricultural products to Korea in 2021, making it our fifth largest export market. The United States supplies a quarter of Korea's agricultural imports.

Imports of Consumer-Oriented Products

Korea imported \$17.3 billion in consumer-oriented products in 2021, accounting for 40 percent of agricultural imports. There are still many opportunities for U.S. export growth in this segment, including for beef, pork, fruits, tree nuts, dairy products, confectioneries, beverages, and further prepared food.



Food Processing Industry

Korea had over 30,000 food processing companies as of 2020, generating \$56.0 billion in sales. Korean food processing companies rely heavily on imported commodities and ingredients. Imports of basic and intermediate agricultural products totaled \$17 billion in 2021. Twenty one percent (\$3.5 billion) of these imports came from the United States.

Food Retail Industry

Korean retail food sales totaled \$106 billion in 2021, accounting for 28 percent of total retail sales (excluding automobiles.) Grocery supermarkets are the leading food retail channel, followed by hypermarket discount stores, convenience stores, on-line retailers, and department stores. On-line retailers and convenience store food sales are expected to grow faster than other channels over the next 5-10 years. The fast expansion of on-line retailers is forcing conventional retail channels to restructure space and devise new strategies to attract consumer traffic.

Quick Facts CY 2021

Imports of Ag. Products from the World (\$43.5B)

- Basic Products	US\$6.8 billion
- Intermediate Products	US\$10.2 billion
- Consumer-Oriented Products	US\$17.3 billion
- Forest Products	US\$3.5 billion
- Seafood Products	US\$5.7 billion

Top 10 Consumer-Oriented Imports from the World

1) Beef	\$3.5B	6) Cheese & Curd	\$685M
2) Food Preparation	\$2.2B	7) Prsvd. Fruits, Nuts	\$412M
3) Pork	\$1.7B	8) Bakeries	\$390M
4) Alcoholic Bev	\$1.3B	9) Chocolates	\$357M
5) Coffee	\$916M	10) Prsvd. Vegetables	\$354M

Top 10 Growth Consumer-Oriented Ag. Imports

Eggs, buttermilk & yogurt, vegetables under HS0703, wine, butter, cider, beef, vinegar, coconuts, mineral water

Food Industry by Channels

- Retail Food Industry	US\$106.0 billion (2021)
- HRI Food Service Industry	US\$122.2 billion (2020)
- Food Processing Industry	US\$65.6 billion (2020)
- Food & Agricultural Exports	US\$10.5 billion (2021)

Top Korean Retailers

EMART, LOTTE Mart, HOME PLUS, COSTCO, GS Retail, BGF Retail, Korea 7, E-Land Retail, Lotte Dept. Store, Shinsegae Dept. Store, Hyundai Dept. Store, CJ O Shopping, GS E-Shop, SK Planet, Ebay Korea, Coupang

GDP/Population (2021)

Population: 51.7 million / GDP: US\$ 1.81 trillion / GDP per capita: US\$ 34,984

Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
<ul style="list-style-type: none"> Well established market with modern distribution channels Consumer income level continues to increase 	<ul style="list-style-type: none"> High logistics cost to ship American products Consumers have limited understanding of American products
Opportunities	Challenges
<ul style="list-style-type: none"> Strong consumer demand for value, quality, and diversity KORUS FTA reduces tariff barriers for American products. 	<ul style="list-style-type: none"> Elevated competition from export-oriented competitors Discrepancies in food safety and labeling regulations

Data and Information Sources: Korea MFDS, Korea National Statistics Office, KITA, Global Trade Atlas, CIA Factbook.

Contact: U.S. Agricultural Trade Office (ATO) Seoul
E-mail: atoseoul@state.gov

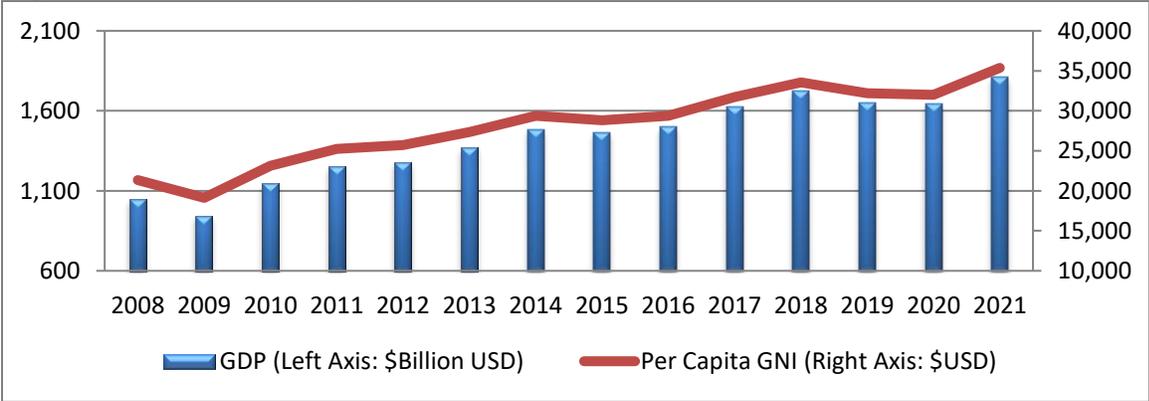
SECTION I. MARKET OVERVIEW

A. National Economy: South Korea (hereafter referred to as Korea) has the 10th largest economy in the world, with a Gross Domestic Production (GDP) of \$1.8 trillion and a per capita Gross National Income (GNI) of \$35,373 in 2021.

Though the Korean economy was hit hard by the COVID-19 pandemic in 2020, Korea managed the pandemic relatively well and its economy continued to recover through 2021. However, as private consumption and investment began to lose momentum in 2022 in response to the weakened disposable income growth and a sluggish housing market, the Korean government forecasts that Korean GDP will grow only 2.7 percent in 2022 and the rate will go below 2 percent in 2023 and 2024.

While declining semiconductors sales will have an impact on exports in the short term, the historically low unemployment rate is expected to go up again, and inflation will remain well above 2 percent for the time being.

Figure 1: Korean Economy Trend



Source: The Bank of Korea (www.ecos.bok.or.kr)

B. International Agricultural Trade: Korea is about the size of Indiana and over 70 percent of its land is mountainous, making it difficult for massive commercial farming. Over 90 percent of Koreans live in urban areas covering only 17 percent of the country. Over half the total population lives in the greater metropolitan Seoul area. Agriculture remains still politically important, though it accounts for only two percent of GDP. Much of the limited farm acreage is dedicated to rice production due to government subsidy policies.

Traditionally Koreans have imposed great importance on agriculture and had been very protective of the agricultural sector. However, more recently the country adopted an open market economy and has opened its market internationally in most sectors, including agriculture. In 2015, the country also opened its rice market, the last area of the agricultural sector which was not subject to full international competition.

Korea is the United States' fifth largest agricultural country export market, and the United States is Korea's largest supplier of agricultural imports. Korean consumers and traders generally recognize the United States as a trusted origin for imported agricultural products with good quality and value. Strong business and social connections between the two countries help boost consumer interest and awareness of new U.S. products and trends. The Korea-United States Free Trade Agreement (KORUS FTA), implemented in March 2012, has increased export opportunities for U.S. products by reducing tariff and non-tariff barriers.

Table 1_Korean Agricultural Imports by Product Category (\$Million USD, CIF Value)

Product Category	From the World			From the United States			
	2021	2022(F) ¹	Growth	2021	2022(F)	Growth	Mkt Share(F)
Basic Commodities	6,813	9,024	32.5%	2,041	1,830	-10.3%	20.3%
Intermediate	10,202	12,587	23.4%	1,550	1,678	8.2%	13.3%
Consumer Oriented	16,939	19,527	15.3%	6,250	6,874	10%	35.2%
Forest Products	3,471	3,557	2.5%	110	98	-11.4%	2.8%
Seafood Products	5,739	6,812	18.7%	217	225	3.8%	3.3%
Total	43,164	51,507	19.2%	10,168	10,705	5%	20.8%

Source: Korea Trade Information Service (KOTIS) Database (www.kita.net) / CIF is inclusive of Cost, Insurance, and Freight

Korea's overall agricultural imports are forecast to increase 19.2 percent in 2022 due to increased demand for imports in both the retail and processing sectors. Korean imports of consumer-oriented products from the United States are forecast to increase 10 percent in 2022 to a record \$6.9 billion.

Table 2_Advantages and Challenges for U.S. Products in the Korean Market

Advantages	Challenges
Korea is a fast-paced market where new ideas and trends are eagerly tried and accepted. Rising incomes are creating demand for diverse and high-quality food.	Many Korean consumers are biased toward locally produced agricultural products, believing they are better and safer than imported products.
Korea depends heavily on food and agricultural imports. Consumers closely follow international food and consumption trends.	Imports are subject to strict food safety regulations. Korean food safety standards change frequently and with short notice.
Modern large-scale retailers provide a more efficient marketing environment for imported products.	The supply chain for imported products includes multiple layers of intermediary distributors and agents, which adds cost and inefficiency.
Korean consumers are very concerned about food safety. Many consumers recognize the United States as a trusted origin for quality agricultural products.	U.S. products face strong competition from other exporting countries. The recent economic slowdown and weakened local currency have made consumers more price sensitive, favoring low priced competitors.

¹ 2022(F) is an ATO Seoul forecast based on January-October import data reported by the Korean government

SECTION II. EXPORTER BUSINESS TIPS

A. Market Research

U.S. suppliers seeking entry into Korea should first conduct preliminary research to determine if there is a potential market for their products in Korea. The research should cover key marketing and regulatory issues including consumption trends, size of the market and competition, major distribution channels, import tariffs and local taxes, and labeling and food additive restrictions. For assistance in reaching out to established Korean import distributors and retail buyers, please contact [the United States Agricultural Trade Office \(ATO\) Seoul](#). ATO Seoul offers various marketing tools and trade facilitation help to U.S. suppliers. ATO Seoul also offers information about the Korea market on its website (www.atoseoul.com), including:

- [GAIN Reports](#): Routine and voluntary reports on key products, industries, and regulatory issues published by FAS Seoul.
- [Korea's Agricultural Import Statistics](#): Monthly spreadsheet updates on Korean agricultural imports by four-digit HS product classification. Both the Korean government import statistics (KOTIS data, CIF value) and U.S. export statistics (U.S. Customs data, FOB value) are included for more accurate trade analysis.

Suppliers need to check if their products meet Korean food regulations and standards. For assistance in identifying or resolving regulatory issues, please refer to [the Office of Agricultural Affairs \(OAA\) Seoul](#) (more detailed contact information is also shown at the end of this report). The U.S. Department of Commerce' [Country Commercial Guide](#) also contains useful information on the Korean market. Socio-economic data can be found in the [CIA Factbook](#).

B. Establishing Korean Business Partners

Many Korean importers are actively seeking business opportunities with new foreign suppliers and are willing to have in-depth discussions on market situation if they are interested in the supplier's product or business offers. Korean importers highly value face-to-face meetings when developing new business partnerships, so exhibiting in reputed food trade shows is an effective tool for developing contacts with potential Korean buyers. [Seoul Food & Hotel Show](#), the one and only food trade show in Korea endorsed by USDA/FAS, is an effective venue for new-to-market U.S. suppliers to develop contacts with Korean buyers. For registration information, please contact [ATO Seoul](#). Other international food trade shows with a large-scale Korean buyer attendance include [FoodEx Japan](#), [Natural Products Expo West](#), [Fancy Food Show](#), [SIAL France](#), and [ANUGA Germany](#).

Another recommended tool is joining reverse trade missions to Korea organized by U.S. agricultural export promotion organizations, such as State Regional Trade Groups, State Departments of Agriculture, and USDA Cooperators. [Some states](#) and [USDA cooperators](#) have representative offices or marketing contractors in Korea and provide market entry assistance for new-to-market suppliers.

While Korean importers understand international business customs and practices, knowing cultural differences will help U.S. suppliers build reliable business relationships. Please refer to

Attachment 4 (Appendix_Korean Business Culture) for some tips on navigating Korean business culture.

C. Consumer Food Tastes and Consumption Trends

Korea has achieved a rapid growth in a short period. The country has displayed global competitiveness in various fields such as mobile phones, semiconductors, automobiles, chemicals, and steelmaking. In recent years, its cultural content, including music, films, gaming, webtoons, and food is emerging as an essential industry, taking the lead in the Korean economy.

Represented by steamed rice, Kimchi, and Bulgogi, traditional Korean cuisine remains the main part of the Korean diet today. However, Korean consumers are incorporating more international ideas and ingredients in their diet as they are further exposed to foreign food cultures and lifestyles. Koreans are looking for new tastes, better value, convenience, high quality, and most importantly, safe, and healthy food.

- **Healthy Life:** There are strong and growing consumer interests in healthier diets. The demand is driven, in part, by the rapidly aging Korean population (see Table 3 below). Many people trust in the traditional Korean teaching that "food and medicine come from the same source." The 'well-being' trend, emphasizing physical and mental health, has also increased interest in healthy diets. This resulted in growing demand for functional food supplements and foods with “perceived” health benefits.

Table 3_Aging Korean Population (unit: million people)

Age Group	1995		2022		Change
	Number	Share	Number	Share	
0-14	10.2	23.0%	5.9	11.5%	-42 %
15-64	31.7	71.1%	36.7	71.0%	16 %
65 +	2.6	5.9%	9.0	17.5%	246 %
Total	44.5	100%	51.6	100%	16%

Source: Korea National Statistics Office (www.kosis.kr)

- **Safety is Important:** Korean consumers are extremely sensitive to food safety issues and frequently pressure the government and industry to ensure the quality and safety of food in the market through new regulations and public campaigns. For example, food traceability has emerged as a priority initiative in recent years, resulting in mandatory traceability labeling on key products, including livestock meat and egg products, and registration of foreign facilities.
- **Polarizing Buying Powers:** Sustained economic growth has expanded the number of affluent consumers in Korea. Swiss Credit Group reported that the number of millionaires in Korea reached 750,000 in 2019, 9.5 times more than in 2010. This has created more demand for high-end and pricy food products. The growing number of young people who have global experiences has also accelerated the demand for diversity and new tastes.

At the same time, there is also strong demand for affordable products. The recent economic slowdown as well as the on-going retirement of seven million Korean baby boomers has increased demand for lower priced private brand products in retail stores. Value-oriented retail

segments, including on-line retailers, warehouse discount stores, and outlet shopping malls are reporting solid sales growth of this product group.

- **Convenience:** Convenience is another key consumer trend as everyday life for Koreans gets busier. For instance, the rapid increase in double-income families, single parent households, and single member households is leading to strong growth in Home Meal Replacement (HMR) products in retail stores as well as take-out meals in restaurants. Delivery services are extremely well developed in Korea as people do not want to spend time in heavy traffic. Rapid growth in on-line shopping is also rooted in the demand for convenience. The COVID-19 pandemic has accelerated the market shift toward on-line shopping. On-line only retailers saw a growth of 13 percent in its grocery food sales in 2021 as consumers used more on-line, non-contact shopping tools during the periods when social distancing was common.
- **COVID-19 and Food Shopping:** In 2021 Korea saw a recovery in spending as people adjusted to the pandemic. Growth in spending on groceries and other home related items slowed but remained strong. Each Korean household spent an average 739,108 won (\$646) per month on food and beverage purchases in 2021². Grocery purchases accounted for 56 percent of food spending, while dining out accounted for the remaining 44 percent. Spending on dining out had outpaced grocery purchases in recent years until the COVID-19 pandemic during which consumers reduced trips to restaurants and foodservice outlets. Instead, Korean restaurants turned to online sales to survive during the pandemic and consumers happily took advantage of these increased home dining options. As a result, sales of online meal deliveries in the market soared 78 percent in 2020 and doubled in 2021. A full breakdown of monthly food expenditures can be found in Attachment 2 (Table 6_Breakdown of Monthly Korean Household Food Expenditure). The Korean Government plans to keep administering booster vaccinations to most of the population and is considering lifting the in-door mask mandates by early 2023 and businesses in the food sector expect to invest in offering and promoting new products in the coming months as the pandemic improves. This should generate new opportunities for U.S. suppliers.

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS

Korea has well-established and relatively strict food standards and regulations. Imported products must meet all local rules to enter the market. The Food and Agricultural Import Regulations and Standards (FAIRS) Country Report and FAIRS Export Certificate Report provide an overview of relevant standards and regulations. These reports can be found on the [ATO Seoul website](#) or the [USDA FAS website](#). Exporters of meat products should also check export requirements on the [Food Safety Inspection Service Export Library](#). Sanitary and Phytosanitary requirements can be found on the Animal & Plant Health Inspection Service (APHIS) [IRegs website](#). Exporters should also consult closely with their Korean importer to ensure they meet the latest regulations.

The 2012 KORUS Free Trade Agreement significantly reduced tariffs on many U.S. products imported into Korea. Information about the KORUS FTA and import tariffs are available on the [USTR website](#).

² Exchange rate \$1 = 1,144.61 Won in 2021

SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

The supply chain for imported agricultural products typically involves multiple layers of intermediary distributors and retailers. Normally, it takes a minimum of two weeks for a container ship from a western U.S. port, and three weeks from an eastern port, to arrive in a port in Korea. Most imported consumer ready products enter through the port of Busan. The port of Incheon, which is much closer to the Seoul metropolitan area, is another important entry point. Small-volume-high-value products, such as premium wine, fresh cherries, and chilled beef, often enter the country via air cargo through Incheon International Airport (ICN) which is about an hour drive from Seoul.

A. Retail Food Sector

The United States is the leading supplier of imported consumer-oriented agricultural products to the Korea retail industry, shipping a record of \$6.2 billion in 2021. Cash register sales for food products in the Korean retail industry reached a record 121 trillion won (\$106 billion) in 2021, up 3 percent from the previous year. Korean families increased spending on grocery shopping during the COVID-19 pandemic due to increased eating at home. Supermarkets have been the leading retail channel for food products, but on-line retailers and convenience stores will likely account for more food sales in coming years, reflecting increased consumer demand for convenience and value. For further information about the retail food sector in Korea, please refer to [Korea Retail Foods Report 2022](#).

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

Since the COVID-19 outbreak in early 2020, Korea's HRI food service sector has experienced sharp declines in consumer traffic and sales due to the preventive measures such as social distancing policies. The HRI food service sector of Korea, however, is forecast to recover, though at a slow pace, as businesses are coming up with innovative strategies, and consumer spending on dining out is gradually increasing. Monthly per capita spending on HRI reached 137,502 KRW (\$120) in 2021, up 6.8 percent from 2020. For further information about the HRI food service sector in Korea, please refer to [Korea HRI Foodservice Sector Report 2022](#).

C. Food Processing Sector

Korea has a strong food processing industry that manufactures a wide variety of food and beverage products. It also relies heavily on imported commodities and ingredients to fulfill its food and agricultural needs. As a result, the Korean food processing industry offers an outstanding opportunity for imported agricultural products for processing use, including basic commodities such as wheat and soybean, intermediate ingredients such as vegetable oils and fruit juice concentrates, and food additives such as flavors and coloring agents. For more information on the food processing sector, please refer to [Korea Food Processing Ingredients Market Report 2022](#).

SECTION V. KOREA'S AGRICULTURAL & FOOD IMPORTS

The following tables show the top 10 Korean major agricultural imports as well the top 10 products with the fastest growth. For a more comprehensive list, please see Attachments.

Table 4_Top Ten Korean Imports of Consumer-Oriented Products and Competition³

Product Category/HS Code	Gross Imports 2021 (\$ million)	1 st Supplier (Market Share)	2 nd Supplier (Market Share)	U.S. Ranking
Food Preparations NESOI ⁴ /HS2106	2,233	U.S. (56%)	Germany (8%)	1 (56%)
Beef, Frozen/HS0202	2,135	U.S. (54%)	Australia (37%)	1 (54%)
Pork, Fresh, Chilled or Frozen/HS0203	1,718	U.S. (26%)	Spain (23%)	1 (26%)
Beef, Fresh or Chilled/HS0201	1,425	U.S. (67%)	Australia (33%)	1 (67%)
Coffee/HS0901	916	Switzerland (14%)	Columbia (14%)	4 (12%)
Cheese and Curd/HS0406	685	U.S. (42%)	N.Z. (17%)	1 (42%)
Wine/HS2204	560	France (32%)	U.S. (16%)	2 (16%)
Other Preserved Fruits & Nuts/HS2008	412	China (31%)	Vietnam (18%)	3 (18%)
Bread, Pastry, Cakes/HS1905	390	U.S. (17%)	Malaysia (15%)	1 (17%)
Chocolate & Food Preparations/HS1806	357	U.S. (27%)	Italy (9%)	1 (27%)

Source: Korean government import data (KOTIS) released by Korea Int'l Trade Association (www.kita.net). CIF value.

Table 5_Top Ten Fastest Growing Korean Imports of Consumer-Oriented Products⁵

Product Category/HS Code	Gross Imports 2021 (\$ million)	Growth from 2020	Imports from U.S. (\$ thousand)	U.S. Growth
Birds Eggs, In Shell/HS0407	90	2673%	85,000	18309%
Birds Eggs, Shelled/HS0408	27	197%	13,000	123%
Buttermilk, Yogurt, etc./HS0403	13	127%	9,000	159%
Onions, Shallots, Garlic, Leeks, etc./HS0703	35	90%	1,000	1047%
Wine/HS2204	560	70%	91,000	62%
Butter/HS0405	145	63%	13,000	51%
Cider, Perry, Mead/HS2206	49	48%	2,000	17%
Beef, Fresh or Chilled/HS0201	1,425	46%	948,000	52%
Vinegar/HS2209	19	42%	4,000	11%
Coconuts, Brazil Nuts & Cashew Nuts/HS0801	60	38%	369	8%

Source: Korean government import data (KOTIS) released by Korea Int'l Trade Association (www.kita.net). CIF value.

³ Listing is limited to products that Korean imports were \$10 million or larger.

⁴ NESOI: Not Elsewhere Specified or Included

⁵ Listing is limited to top 10 growth products that Korean imports were \$10 million or larger.

SECTION VI. KEY FAS/USDA CONTACTS AND FURTHER INFORMATION

U.S. Agricultural Trade Office Seoul (ATO)

Korean Address: Room 303, Leema Building, 42 Jongro 1-gil, Jongro-gu, Seoul, Korea
Phone: +82-2 6951-6848 Fax: +82-2 720-7921 E-mail: atoseoul@state.gov

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

Korean Address: U.S. Embassy, 188 Sejong-daero, Jongro-gu, Seoul, Korea
Phone: +82-2 397-4297 Fax: +82-2 738-7147 E-mail: agseoul@state.gov

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

Korean Address: Room 303, Leema Building, 42 Jongro 1-gil, Jongro-gu, Seoul, Korea
Telephone: +82-2 725-5495 Fax: +82-2 725-5496
E-mail: yunhee.kim@usda.gov Internet Homepage: www.aphis.usda.gov

USDA Cooperators, SRTG, State Offices and AMCHAM in Korea

[USDA Cooperators in Korea](#)

[U.S. State Regional Trade Groups \(SRTG\)](#)

[U.S. State Offices in Korea](#)

[American Chamber of Commerce \(AMCHAM\)](#)

Host Country Government

[Ministry of Agriculture, Food and Rural Affairs \(MAFRA\)](#)

[Ministry of Food and Drug Safety \(MFDS\)](#)

[Ministry of Trade, Industry and Energy \(MOTIE\)](#)

[Ministry of Foreign Affairs \(MOFA\)](#)

Attachments:

[Table 4 Top 25 Korean Imports of Consumer-Oriented Products and Competition.docx](#)

[Table 5 Fastest Growing Korean Imports of Consumer-Oriented Products.docx](#)

[Table 6 Breakdown of Monthly Korean Household Food Expenditure.docx](#)

[Appendix Korean Business Culture.docx](#)