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Korea, Republic of

Agricultural Situation

Economic and Agricultural Overview

2005

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Report Highlights:

Many local economists predict that Korean economic growth will slow further in 2005 as a result of constrained demand and decelerating exports. Korea imported \$14.7 billion of agricultural, forestry and fishery products in 2004, a 9.3 percent increase from the previous year. Imports from the United States were \$3.5 billion, which represented a significant loss in market share and a major shift in the mix of products being imported.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Seoul ATO [KS2]
[KS]

I. Economic Situation

A. Current state of the economy

According to Oriental astrology, 2005 is the Year of the Rooster, which local fortunetellers promise to be a healthy year for the business community (carmakers, banks and entertainers) and stagnation for textiles, chemicals, tourism, and the service sectors.

Many local economists predict that Korean economic growth, much like the global economy, will slow further in 2005. Export growth will decelerate this year, while domestic demand will rebound only marginally. In 2004, export growth was strong, driven mainly by semiconductors, wireless telecommunication devices and automobiles. In 2005, Korean exports are projected to grow at a slower pace due to a slowing global economy, a drop in the price of information technology products and a strong Korean won. Meanwhile, domestic demand, still constrained by high household debt, is not expected to recover significantly until the end of the year. High unemployment and slow wage growth are holding back private consumption. However, consumer confidence is showing some signs of returning, with domestic car sales, credit card use and department store sales all on the rise. Korean retailers reported strong retail sales during the Lunar New Year holiday (February 2005) and restaurants and hotels have recently shown signs of growth.

Korea is the world's 10th largest economy. Korean gross domestic product (GDP) was \$667.4 billion in 2004, overtaking Mexico (GDP \$663.1 billion). Per-capita gross national income (GNI) was \$16,900 in 2004 and is expected to break through the \$20,000 mark by 2008. Korean exports stood at \$254.2 billion in 2004, making it the world's 9th largest exporter. Korea also climbed one notch to become the 13th-largest importing country.

B. Policy Environment

Korea has one of the most protected agricultural economies in the world, consisting of high production prices, supported by government purchases, and high tariffs, import quotas and minimum market access agreements that protect politically powerful domestic producers from import competition.

This may change in the future, as Koreans become farther removed from farming. Currently, however, Koreans are very sympathetic toward the farm sector and are very supportive of government protection for agriculture. To keep the livestock, flour milling and export-oriented industries of textile, garment, and leather goods in operation, however, Korea must import large quantities of feed grains, soybeans, wheat, cotton and hides. These goods are allowed to enter into Korea with relatively low duties. In general, tariffs are higher for basic commodity items, especially if taking into account import quotas, while processed, consumer-oriented products are subject to lower tariffs. In addition, imports often face non-tariff barriers, such as excessive and non-transparent entry documentation and clearance requirements.

For more information about entry requirements, please review "Korea's Food and Agricultural Import Regulations and Standards" GAIN report (KS4039), July 30, 2004. This report and others are available on the FAS website (<http://www.fas.usda.gov/scriptsw/attacherep/default.asp>).

Non-Governmental Organizations (NGOs) or "consumer groups" are very powerful in Korea and play an influential role in forming government policies, especially with regard to food. In addition, several highly publicized domestic food scandals have caused the government to more strictly enforce regulations on imported foods. However, on a brighter note, the new

Korean Agriculture Minister, Mr. Park, Hong Soo recently stated that Korea's basic position on the Doha Development Agenda (DDA) is to gradually lower agricultural tariffs and subsidies. In exchange, Korea would like the global community to be more flexible in expanding the scope of "sensitive and special" products.

C. Trade Agreements

Since the implementation of the Korea-Chile Free Trade Agreement (FTA) in April 2004, trade between the two countries has reached record levels; however, the expected flood of Chilean agricultural products has not occurred. As a result, Korea is readily engaging in FTA talks with several other countries in 2005. Canada and Korea will hold a second set of talks in March and have already agreed in principle to a comprehensive FTA including trade in goods and services, customs procedures, and rules of origin issues. Korean President Roh and Japanese Prime Minister Koizumi agreed to conclude FTA negotiations by the end of 2005. Korea meet with India in January 2005 and agreed to pursue a joint study aimed at eventual conclusion of a bilateral Comprehensive Economic Partnership Agreement (CEPA). A CEPA is similar to a FTA in expanding trade in commodities and services, investment and economic cooperation; however it is less comprehensive and less binding. Korea is also considering FTAs with the European Free Trade Association (EFTA), Association of Southeast Asian Nations (ASEAN), Israel and China. An FTA agreement with Singapore is likely to be the next FTA after Chile, although it reportedly does not contain any agreement on agricultural goods.

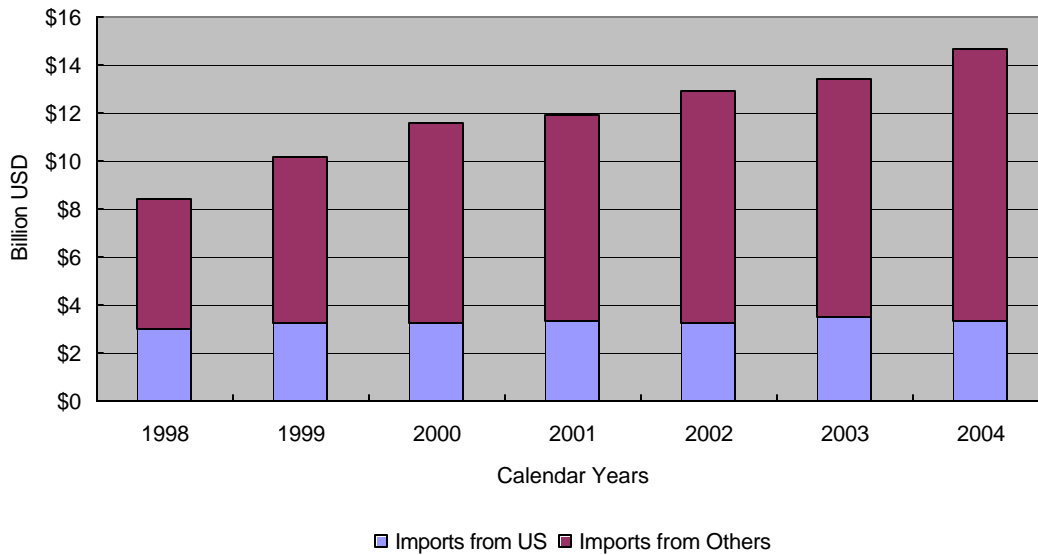
Korea and the United States have also agreed to begin exploratory working-level talks and conduct studies on a possible Korea-U.S. FTA. Korea's bilateral trade with the U.S. reached \$70 billion in 2004, accounting for 15 percent of Korea's total trade. Before talks begin in earnest, the U.S. has indicated that Korea's screen quota system, which limits the number of days local movie theaters can show foreign films, has to be changed. In addition, the Koreans are requesting that the U.S. institute a visa waiver program that would allow Koreans to visit the U.S. without a visa.

II. Agricultural Situation

A. Overall Agricultural Situation

South Korea is roughly the size of the state of Indiana (99,900 square kilometers) with a population of 48 million. By comparison, Indiana has a population of just over six million. Because it is so mountainous, only 18.6 percent of the total South Korean land mass is available for agricultural production. The number of people employed in the agricultural, forestry and fishery sectors has declined rapidly over the past forty years from 58.5 percent in 1965 to only 8.8 percent in 2003. However, the total number of farmers is still more than France, Germany and the United Kingdom combined. More than half of Korea's farmers are well into their 60's. Despite numerous government attempts over the years to consolidate farms into larger units, the average farm or rural household still only holds 1.45 hectares (3.6 acres).

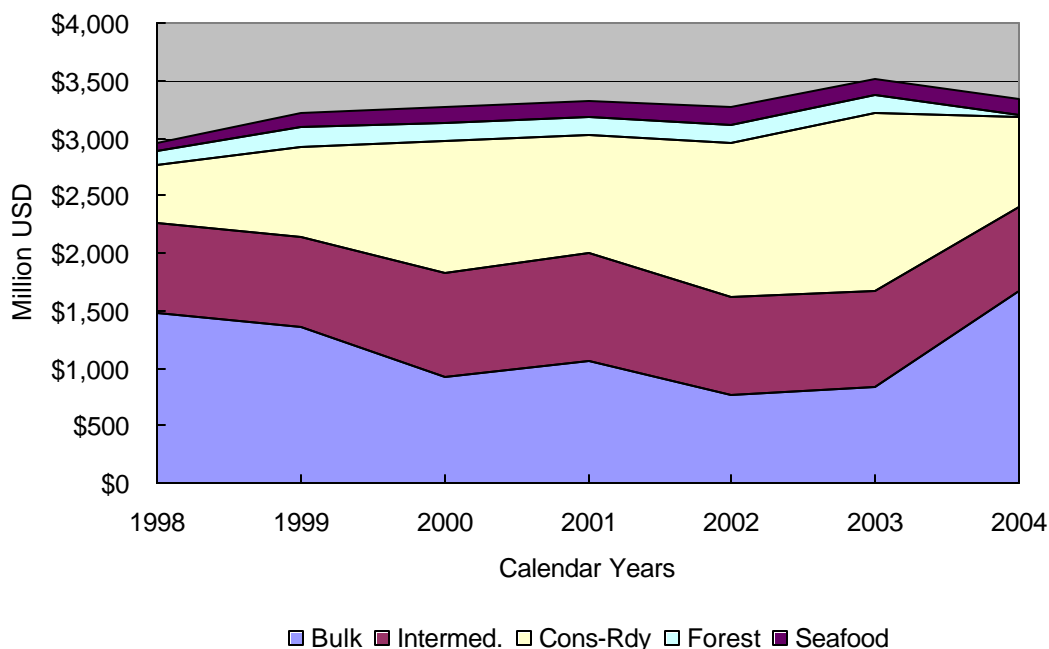
Chart 1: Total Korean Agricultural Imports



South Korea imported \$14.7 billion of agricultural, forestry and fishery products in 2004, a 9.3 percent increase from the previous year. Korea was a large importer of bulk or basic commodities such as corn, soybeans, wheat and cotton. They also imported a large amount of beef and fish, hides and lumber. The United States was the largest supplier of agricultural products to Korea.

According to Korean import statistics, \$3.5 billion of agricultural, fish and forest products were imported from the United States in 2004, mainly bulk or basic commodities such as corn, soybeans, wheat and cotton; but also hides, citrus and lumber. Although, this was less than a one percent change from the previous year, it represented a significant loss of market share and entailed a significant shift in the mix of products imported from the United States. In 2003, the U.S. had a 26.2 percent market share and in 2004, that fell to 23.7 percent. Concurrently, beef products, the a dominant category in 2003, was supplanted by corn in 2004, as the BSE ban kept U.S. beef out of the Korean market and China's limited exports of corn left a significant gap for the U.S. community. Additionally, phytosanitary issues played a large role in the loss of market share. Beef, poultry, oranges and potatoes all had phytosanitary issues sometime during the year.

Chart 2: Imports from the United States by Sector



Korea was the fifth largest market for U.S. agricultural products in 2004. Korea depends on imports for about 60-70 percent of its food and feed needs. Changes in Korean lifestyle and dietary culture, along with remarkable socio-economic development, have resulted in significantly expanded demand for processed food and beverage products. Increasing affluence, more women in the workforce, and a well-traveled younger generation looking for foods with an international flavor are promoting the rise in popularity of convenience stores, bulk or high-volume retail outlets, and western-style and family restaurants. The demand for products, such as frozen vegetables, sauce preparations, and confectionery items is growing and the domestic processing industry lacks the capability to supply these items in any significant quantity. Additionally, local agricultural output does not meet the demand of the local processing industry.

For more information about how to do business in Korea, please review "Korea's Export Guide" GAIN report (KS4053), September 22, 2004.

B. Basic Product Imports

Bulk or basic commodity imports from the United States represented 50 percent, or \$1,678 million in 2004, an increase of 100 percent from the previous year with corn leading the way. In this category, the U.S. had a 46 percent market share overall.

H.S. Code		2003	2004	Percent Change	2003 Market Share	2004 Market Share
1001	Wheat	\$259,961	\$273,835	5.30%	42.60%	41.46%
1005	Corn	\$41,722	\$782,078	1774.50%	3.98%	54.63%

1006	Rice	\$7,883	\$32,768	315.70%	16.23%	39.78%
1201	Soybeans	\$322,157	\$373,703	16.00%	80.70%	77.81%
2401	Tobacco	\$40,842	\$27,158	-33.50%	35.22%	23.61%
5201	Cotton	\$149,267	\$170,323	14.10%	37.66%	39.65%
	Others	\$16,822	\$17,793	5.77%	4.29%	4.29%
	TOTAL	\$838,654	\$1,677,658	100.00%	27.86%	46.42%

1. Wheat

Korea imports roughly 60 percent milling wheat and 40 percent feed wheat from several suppliers. Because feed wheat prices are expected to be attractive compared to prices for corn, it is forecast that feed wheat imports will increase in 2005. Korea imports milling wheat for snacks, cakes, bread and noodles as there is limited demand for wheat flour made from locally grown wheat. Australia, the principal competitor for the U.S. in the milling wheat market, continues to gain market share by offering a widely popular low-protein, single-class noodle wheat (Australian Soft White) and negotiating lower prices than U.S. suppliers can provide. This is expected to continue in 2005. For more information, please review "Korea's Corn and Wheat PS&D Update" (KS4061), November 18, 2004.

2. Corn

Domestic corn production will remain relatively flat for the foreseeable future. Although compound feed production for the domestic livestock industry has grown continuously in the last few years, dairy cattle numbers have tumbled. Nonetheless, the production of compound feed for cattle is expected to continue growing for Korean Hanwoo beef production, which has benefited from the ban on U.S. beef. Imports of corn are expected to remain stable. China and Brazil are the principal competitors in the Korean market for corn, although this past year, China was not in the market, which left significant opportunities for U.S. suppliers. That is likely to change in 2005. For more information, please review "Korea's Corn and Wheat PS&D Update" (KS4061), November 18, 2004.

3. Rice

On December 30, 2004, Korea and the United States reached an agreement for greater market access for U.S. rice through an enlarged minimum market access (MMA) agreement. Previously, Korea limited rice imports to 4 percent of average domestic consumption from 1988 to 1990 and required that imports be distributed through a government-controlled distribution network, which inhibited access to retail outlets.

Under WTO rules established during the Uruguay Round, Korea designated rice as a sensitive product. In 1994, Korea committed to import a specific level of rice imports for a period of 10 years, with imported amounts increasing each year. That period ended on December 31, 2004, with imports equaling 4 percent of domestic consumption. The WTO rules also provided that Korea's MMA for rice, known as "special treatment," could continue for an additional length of time, but only after individual WTO members had the opportunity to negotiate more concessions. Early in 2004, Korea notified its trading partners that it wanted to extend the "special treatment" for rice, and then began negotiating with the United States and eight other countries that formally expressed interest in the issue.

Under the extended MMA, increased rice imports will be phased in over the next ten years. In 2014 total rice imports will equal about eight percent of domestic consumption. The new agreement also guarantees at least 50,000 MT in annual imports from the U.S., and that 10 percent of imported rice will be allowed into the retail market. That amount will grow to 30 percent by 2014.

4. Soybeans

Korea's soybean area and production are expected to remain small and stable. Korea has been the eighth largest market for U.S. soybeans in recent years; however, there is growing competition from South American suppliers, especially Brazil. The Agricultural and Fisheries Marketing Corporation (AFMC), a state trading company, purchases U.S. No. 1 non-biotech-enhanced soybeans for food processing through an identity preserved (IP) certification system under the tariff rate quota. Food manufacturing of soybean curd, soy sauce, soy paste, soy milk and soybean meal used to produce soy-based seasonings is largely from U.S. soybeans (85 percent). For more information, please review "Korea's Oilseeds and Products Annual" GAIN report (KS5012), March 10, 2005.

5. Tobacco

The number of male smokers fell 8.3 percent after the government raised cigarette prices by about 500 Korean won (₩) in December 2004, according to a poll conducted by the Ministry of Health and Welfare. At that time, a pack of cigarettes cost between ₩ 1,500 and ₩ 2,500. The poll also showed that even among those who did not quite stop smoking, 27.8 percent said they have cut back. The government said that 72 million packs of cigarettes were sold in December, down 81 percent from the 345 million sold in January 2004, mainly because many consumers, aware of the impending price increase, purchased record amounts. The main competitors in this market are the European Union, Brazil and China. U.S. leaf tobacco lost market share due to the price competitiveness of the Chinese product. For more information, please review "Korea's Tobacco and Products Annual" (KS4028), June 14, 2004.

6. Cotton

Korea is importing higher quality raw cotton than in the past, but in lesser amounts. Cotton from the U.S. and Australia accounts for almost 60 percent of the Korean market. In general, Korean imports are declining along with the textile industry, which is restructuring and placing increasing emphasis on investing in overseas spinning capacity. In 2003, drought-reduced cotton production in Australia and increased Chinese demand resulted in higher cotton prices, which were reflected in lower total import values. For more information, please review "Korea's Cotton and Products Annual" (KS4021), May 3, 2004.

C. Intermediate Product Imports

Imports of intermediate products from the U.S. (products that receive some processing, but are generally not yet ready for final consumption) represented 22 percent, or \$726 million of total agricultural, forestry and fishery imports from the U.S. in 2004. In the intermediate products category, the U.S. had a 20 percent market share and the major products were hides and skins, hay and fodder, leather, animal feeds, fur, margarine and shortening, vegetable oils (corn, linseed, etc.), seeds, whey, malt, and other sugar products.

Korean consumers prefer nationally produced goods, if priced comparably with imported products, while still seeking an expanding variety of products. The Korean food and beverage manufacturing and processing industries are a major importer of raw materials, ingredients, intermediate products, and additives. Imports are necessary to support the processing industry due to limited local supply in terms of quantity and variety. This sector is expected to grow 3-5 percent annually for the foreseeable future. For more information, please review "Korea's Food Processing Ingredients Sector Report" (KS4011), February 27, 2004.

**Table 2: Korean Imports of Intermediate Products from the United States
(Calendar Year/U.S. \$000)**

H.S. Code		2003	2004	Percent Change	2003 Market Share	2004 Market Share
0404	Whey	\$10,804	\$11,522	6.65%	28.63%	15.91%
1214	Hay & Fodder	\$91,835	\$90,692	-1.24%	87.57%	81.95%
1209	Seeds	\$7,480	\$8,939	19.51%	13.63%	8.06%
1515	Vegetable Oils	\$7,095	\$13,663	92.57%	23.68%	32.88%
1517	Margarine & Shortening	\$12,474	\$13,954	11.86%	64.52%	63.36%
1702	Other Sugar	\$9,339	\$10,404	11.40%	27.16%	21.48%
1901	Malt	\$11,583	\$10,605	-8.44%	25.67%	18.25%
2309	Animal Feeds	\$39,488	\$37,287	-5.57%	33.22%	29.57%
4101, 4104, and 4301	Hides & Skins, Leather, and Fur	\$502,941	\$449,566	-10.61%	76.06%	61.77%
	Others	\$119,281	\$68,226	-42.80%	6.22%	3.09%
	TOTAL	\$823,124	\$726,380	-11.75%	26.88%	20.18%

1. Whey

Seventy percent of imported whey powder is used in feed applications. It is forecast that imports from the U.S. will continue to increase in 2005 as there are not enough local facilities to meet domestic demand. The major competitor in the Korean market for whey powder is France. Korea imports whey products under a quota system with an in-quota tariff rate of 40 percent unless a "special exemption" is issued on behalf of the Korean Dairy Industry, in which case a 20 percent tariff rate applies. For more information, please review "Korea's Dairy and Products Annual" (KS4055), October 13, 2004.

2. Hay & Fodder

Currently, Korea imports grass hay within a tariff rate quota (TRQ) for forage products established under the Uruguay Round Agricultural Agreement which covers fodder roots (1214-90-1000), forages excluding alfalfa meal, pellets and bales (1214-90-9090), and vegetable materials (excluding acorns, chestnut hulls and cotton seed hulls (2308-00-9000)). The tariff within the TRQ is 2 percent. The Korean government set the quantity at 495,000 tons in 2003, 700,000 tons in 2004 and 570,500 tons in 2005.

3. Seeds

Local production of grass and forage seeds remains negligible and private Korean seed companies produced 74 percent of their total vegetable seed output on foreign farms. The U.S. supplies mainly grass and forage seeds. Competition originates from Australia, Japan, Canada and China. For more information, please review "Korea's Planting Seeds Annual" (KS4044), October 15, 2004.

4. Animal Feeds

South Korea has become one of the fastest growing pet food markets in the world. Korean pet owners spent an estimated \$280 million on pet foods in 2004, a value that is expected to grow by 30 percent annually. It is estimated that Korea imported \$50 million worth of pet food in 2004, and 45 percent (or \$21.2 million) was from the United States. Growth in dog food purchases, mainly premium dog food, is increasing fastest as dogs are by far the most popular pets. Sales of pet food and pet products from traditional outlets, such as pet stores and veterinarian offices, are losing market share as hypermarkets and online shopping malls begin to focus on catering to pet owners by offering better value and convenient delivery options.

5. Hides & Skins, Leather, and Fur

Although these three products represent a large portion of all intermediate products, it is likely they will continue to decline slightly each year as the tanning industry moves to lower labor cost areas such as China.

D. Consumer-Oriented Product Imports

Imports of consumer-oriented products (or high-value products) represented 23.5 percent or \$785 million of total imports of agricultural, forest and fishery products from the U.S. in 2004, down 50 percent from the previous year primarily as a result of the import bans placed on beef and poultry. In the consumer-oriented products category, the U.S. had a 22.5 percent market share in 2004 and the major products were citrus, nuts, pork, vegetables, fruit juices, and poultry.

Total food sales in the retail sector were estimated at \$40 billion in 2002 and accounted for 30 percent of all retail sales. Hypermarkets have become the leading retail channel for food products. Growth of advanced mass retailers and changes in consumer lifestyles and tastes have translated into growing opportunities for imported consumer ready products. For more information, please review "Korea's Retail Food Sector Report" (KS4009), February 23, 2004.

Organic products imports fall mostly within the consumer-oriented products category. The Korean Food and Drug Administration (KFDA) regulates the imports of processed products and currently accepts USDA organic certificates. The Ministry of Agriculture and Forestry (MAF) regulates imports of fresh produce and grains and has imposed a virtual ban on these products by requiring a Korean certifying agent to certify organic production in the exporting country. The nascent Korean market for organic products is small, but local industry sources project a growth rate of 30 percent annually. While imported ingredients are used to manufacture some processed organic products, such as tofu and baby food, most processed products are imported.

For more information, please review "Korea's Organic Market Update" (KS5011), March 2005.

**Table 3: Korean Imports of Consumer-Oriented Products from the United States
(Calendar Year/U.S. \$000)**

H.S. Code		2003	2004	Percent Change	2003 Market Share	2004 Market Share
0201	Fresh or Chilled Beef	\$85,155	\$823	-99.03%	70.98%	1.05%

0202	Frozen Beef	\$728,083	\$94,580	-87.01%	76.53%	20.29%
0203	Pork	\$13,766	\$38,347	178.56%	7.48%	11.49%
0206	Edible Offals	\$73,967	\$9,623	-86.99%	68.68%	15.30%
0207	Poultry Meat & Offals	\$35,420	\$4,433	-87.48%	36.71%	8.55%
0406	Cheese & Curd	\$17,083	\$20,610	20.65%	18.21%	17.15%
Ch. 7 & 2004/2005	Vegetables	\$71,805	\$96,672	34.63%	23.63%	22.77%
0802	Other Nuts	\$32,099	\$41,451	29.13%	90.54%	88.02%
0805	Citrus Fruit	\$115,025	\$137,132	19.22%	97.14%	95.83%
1806	Chocolate	\$33,295	\$33,712	1.25%	33.59%	30.92%
2009	Fruit Juices	\$41,557	\$33,254	-19.98%	39.53%	33.44%
2204	Wine	\$7,192	\$8,136	13.13%	15.71%	14.03%
	Others	\$309,301	\$266,636	-13.79%	20.37%	17.78%
	TOTAL	\$1,563,748	\$785,409	-49.77%	41.38%	22.48%

1. Beef and Edible Offals

Korea continues to ban U.S. beef imports based on the one case of BSE detected in December 2003. Trial traceability programs introduced by the Korean government in 2005 should improve consumer confidence in beef and, in turn, stimulate beef consumption. Korean Hanwoo beef producers are expected to expand their herds in 2005 to take advantage of improving live cattle prices.

Imports statistics for 2004 in the above table reflect U.S. product that had cleared quarantine inspection prior to the implementation of the ban on December 27, 2003, but did not complete final customs clearance until after January 1, 2004. For more information, please review "Korea's Livestock and Products Semi-Annual" (KS5007) February 11, 2005.

2. Poultry Meat & Offals

Korea is expected to lift the ban on U.S. fresh and frozen poultry meat imports soon. Korea has remained one of the few countries to maintain a ban on imports of U.S. poultry meat from the entire United States due to avian influenza-related concerns. Other importing countries have accepted regionalization. Although a couple of designated poultry plants in Brazil may soon be eligible to export a limited quantity to Korea, bans on other suppliers will encourage importers to turn to the United States. With Thailand, China and the United States out of the market, Korean importers switched to European poultry meat suppliers. Since imported chicken meat is widely used at restaurants and fast food chains, a positive economic outlook will spur import demand. For more information, please review "Korea's Poultry and Products Annual" (KS4047), September 1, 2004.

3. Cheese & Curd

Total cheese imports are expected to continue increasing as there is a lack of domestic production facilities and consumers are gradually acquiring a taste for these products. While

U.S. imports are benefiting from this trend, there is strong competition from Australia and New Zealand. For more information, please review "Korea's Dairy and Products Annual" (KS3064), October 21, 2003.

4. Citrus Fruit

The recently implemented marketing order and check-off program for citrus is expected to offset the price dampening effects of a large 2004 citrus crop and result in increased profits for the Korean citrus industry. Despite the temporary import suspension on U.S. oranges from major producing counties in California in April 2004, U.S. orange exports to Korea reached a record level of 145,544 metric tons in 2004. For more information, please review "Korea's Citrus Annual" (KS4060), November 1, 2004.

5. Vegetables

Currently, Korea is self-sufficient in almost all produce; however, imports are likely to continue growing. Local production is declining due to a shortage of agricultural labor. Fresh produce consumption is growing as incomes increase and consumers demand larger quantities and greater variety. As a result, products that were traditionally seasonal are now available year-round. Seventy percent of all imported fresh produce is sold at the retail level. For more information, please review "Korea's Produce Product Brief" (KS4046), updated September 10, 2004.

6. Wine

Total Korean imports and imports from the U.S. reached record levels in 2004 and are expected to do so again in 2005. Korea has one of the largest per capita consumption of alcohol of any country in the world. However, the younger generation is consuming less hard liquor, and wine is seen as a healthier alternative. U.S. wines are expected to remain one of the top choices, as they are firmly positioned in the market as products of good value and unique quality. The U.S. is the second largest exporter of wine to South Korea by value after France; however, wine from Chile and Australia is gaining in popularity as a less expensive alternative. For more information, please review "Korea's Wine Market Brief" (KS4042) August 10, 2004.

E. Forest Products

Imports of forest products from the U.S. reached \$163 million in 2004, up 14 percent from the previous year. The major products were fuelwood, logs, lumber and veneer.

Table 4: Korean Imports of Forest Products from the United States
(Calendar Year/U.S. \$000)

H.S. Code		2003	2004	Percent Change	2003 Market Share	2004 Market Share
4401	Fuelwood	\$6,769	\$20,965	209.72%	9.16%	22.53%
4403	Logs	\$94,499	\$109,619	16.00%	15.48%	15.57%
4407	Lumber	\$25,414	\$20,238	-20.37%	12.37%	9.46%
4408	Veneer	\$12,757	\$8,136	-36.22%	12.83%	8.87%
	Others	\$3,717	\$4,511	21.36%	0.55%	0.67%
	TOTAL	\$143,156	\$163,469	14.19%	8.58%	9.22%

Demand for U.S. wood products has been sluggish due to the decline in domestic consumption and continued offshore relocation of Korean wood production facilities, including

furniture, musical instruments, builders carpentry and joinery, and, increasingly, flooring. The government legislation on indoor air quality, along with consumers' growing concern about the safety of housing materials, also had a profound impact on the consumption of veneer. Demand for veneer plummeted after a negative report on "Sick House Syndrome" aired on local television in July 2003. For more information, please review, "Korea's Solid Wood Products Annual" (KS4034) July 16, 2004.

F. Seafood Products

H.S. Code		2003	2004	Percent Change	2003 Market Share	2004 Market Share
0303	Frozen Whole Fish	\$78,632	\$63,598	-19.12%	10.17%	8.15%
0304	Fish Fillets	\$53,709	\$53,277	-4.80%	26.60%	6.10%
	Others	\$11,848	\$12,437	4.70%	1.30%	1.00%
	TOTAL	\$144,189	\$129,312	-13.70%	7.60%	6.10%

The United States was the third largest seafood supplying country to Korea in 2004, after China and Russia. Korean fishery resources are being steadily depleted and at the same time, fish catch quotas in foreign waters further restrict Korean fishermen. As a result, domestic fishery production will continue to decline. Korean fish production was 2.49 million metric tons in 2003. Imports from the U.S. are expected to decline as U.S. prices are not competitive in this market and many U.S. exporters are shifting their focus to the Chinese market. For more information, please review "Korea's Fishery Products Annual" (KS4063), November 11, 2004.

III. KEY CONTACTS AND FURTHER INFORMATION

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

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

E-mail: agseoul@usda.gov

For more information on how you can register for USDA/FAS's 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 worldwide to help facilitate connecting potential buyers with U.S. suppliers. More than 85 USDA/FAS overseas offices, such as the ATO in Seoul, use this database to locate U.S. suppliers for export agents, trading companies, importers, and foreign market buyers. It is also used to recruit U.S. exporters to participate in market development activities sponsored by USDA and federal export programs.

You can register online for this service at <http://www.fas.usda.gov/agexport/exporter.html>

Additional FAS/Seoul commodity, sector and product reports can be found on the FAS Website at <http://www.fas.usda.gov/scriptsw/attacherep/default.asp>.

IV. REFERENCES

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Samsung Economic Research Institute (SERI), "Korea's Economy in 2005: Ten Major Trends", by Choi, Hee-Gab.