



Foreign Agricultural Service

**GAIN Report**

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# **Korea, Republic of**

## **ATO ACTIVITIES REPORTS**

### **Ag. Export Opportunities Report - November 1998**

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#### **Report Highlights:**

##### **1. TRADE LEAD SUCCESS**

**Trade lead sales to Korea of food and beverage products are up 24 percent over FY1997 as a result of special efforts to encourage traders to submit trade leads. This is especially notable considering total U.S. exports to Korea of these products dropped by almost 40 percent due to the ongoing economic crisis.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Scheduled Report  
Seoul ATO[KS2],KS

## A. UPCOMING PROMOTIONAL ACTIVITIES / EVENTS

### TRADE SHOWS

1. CHAINSTORE '98 - Seoul International Chain Store Show '98 (CHAINSTORE '98) will be held at the Pacific Hall of the Korea Exhibition Center (KOEX) from November 25 to 28, 1998. The show is put on by KOEX. For detailed information on CHAINSTORE '98, please contact KOEX: Tel: 82-2-551-1128/1117/1120, Fax: 82-2-551-1179/1311 or Korea Super Chain Association (KOSCA): Tel: 82-2-522-1271/4, Fax: 82-2-551-1275/4420.
2. GREAT AMERICAN FOOD SHOW '99 (GAFS) - USATO is going to hold GAFS from March 16 through 18, 1999 at the Grand Celadon Ballroom of Hotel Inter-Continental Seoul. Show hours are 11:00 a.m. to 6:00 p.m. during the three days. U.S. food exporters will showcase a wide variety of products. All food related industry people in Korea will be invited to this trade only show. After this show, a trade mission will visit Vladivostok and Irkutsk for the Russian market.

### MENU PROMOTIONS

1. WORLD OF CHOICE PROMOTION, September 1 - December 31, Westin Chosun Hotel - USATO is co-sponsoring a "World of Choice Promotion" with Northwest Airline and the Westin Chosun Hotel from September 1 - December 31. The promotion takes place in 9 restaurant outlets of the hotel. Each restaurant presents various cuisines such as Italian, French, Korean, Japanese, Chinese, etc. This is another "U.S. Quality Food, Foundation of World Cuisine" promotion which will educate and demonstrate to consumers that U.S. foods can serve as the basis for many outstanding cuisines from around the world.
2. AMERICAN FOOD FESTIVAL, November 1-December 31, Seoul Lotte Hotel - USATO will be sponsoring a menu promotion entitled "American Food Festival" with the Seoul Lotte Hotel from November 1-December 31. The promotion will be conducted in the hotel's buffet restaurant, "La Seine". It will feature a variety of American cuisine and wines.
3. HONG KONG, CITY OF TASTE, January 15-31, 1999 Westin Chosun Hotel - USATO will be co-sponsoring a menu promotion titled "Hong Kong, City of Taste" with the Hong Kong Tourism Board and the Westin Chosun Hotel from January 15 through 31 of 1999. The promotion will be conducted in one Chinese and two western restaurants at the Westin Chosun Hotel in Seoul. This is another "U.S. Quality Food, Foundation of World Cuisine" promotion which will educate and demonstrate to consumers that U.S. foods can serve as the basis for many outstanding cuisines, including Chinese.

## B. KEY MARKET INFORMATION

### 1. TRADE LEAD SUCCESS

Trade lead sales to Korea of food and beverage products are up 24 percent over FY1997 as a result of special efforts to encourage traders to submit trade leads. This is especially notable considering total U.S. exports to Korea of these products dropped by almost 40 percent due to the ongoing economic crisis.

## 2. ANECDOTAL SIGNS OF INCREASING TRADE

Over the past weeks, two U.S. exporters and one Korean importer who visited the ATO noted recently improved business. The exporters mentioned they will have record sales to Korea this year. The importer, a former buying mission member indicated his business has gone from a trickle to periods of high volume sales. This is consistent with recently improved import figures reflecting a decline of only 34.8 percent for all U.S. agricultural products compared to around 50 percent earlier in the year.

## 3. COFFEE SALES, YET ANOTHER SUCCESS

Utilizing additional contacts provided by the ATO, brisk sales continue for a California coffee roaster with the signing of four more contracts. Once seen as a luxury item, Koreans view coffee more and more as a staple item. Koreans are also developing an appreciation and broader taste awareness of whole bean coffees.

## 4. SOME COMPANIES BACK TO YEAR AGO SALES VOLUMES

At ATO's most recent Agricultural Roundtable, several importers and Food and Beverage representatives reported their sales volumes have returned to year ago levels. However, while imports by some companies have recovered, total imports of consumer ready products are down due to a sharp decline in the number of imports in the market. Through August, Korean customs show imports of U.S. consumer ready products off nearly 50 percent from year ago levels.

An interesting characteristic of the current stage of the crisis is the low demand for midrange items. One importer mentioned sales of cheap items like ramen noodles (up 21.8 percent over last year) and sales of luxury and "first class" items, such as high-end wines, and luxury apartments, are still selling well. However, citing a recent industry survey, the importer mentioned 30% of Koreans are still not spending out of concern for their futures, and 34% are reluctant to spend due to wage costs. Another constraint cited for restrained consumer spending is the fear of being seen as extravagant by others. As one profitable fruit importer put it, "I must hide my smile."

## 5. GROCERY SALES DOING WELL

The head of the Korea Super Chain store Association reported grocery sales are running 10% ahead of last year through September as numerous families are preparing more meals at home compared to dining out. He estimates an additional increase of 5% for grocery sales in the coming year. Hyper market grocery sales are up 15% from a year ago, but department store grocery receipts (i.e. high end outlets) are "underground", or down sharply.

## C. MARKET BRIEFS AVAILABLE

1. Grape (June 1996)

2. Dairy (June 1996)
3. Fresh Potatoes (August 1996)
4. Fruit & Vegetable Juice (November 1996)
5. Cheese (January 1997)
6. Kiwifruit (February 1997)
7. Retail (March 1997)
8. Beef Jerky (April 1997)
9. Monkfish (May 1997)
10. Wine (May 1997)
11. Onions (July 1997)
12. Garlic & Red pepper (September 1997)
13. Apple (October 1997)
14. Seafood (November 1997)
15. Korean Financial Crisis on  
US Food & Beverage (December 1997)
16. ATO round table on Korean Financial Crisis:  
Impact on Food and Beverage Industry (January 1998)
17. Coffee (April 1998)
18. Beer (May 1998)
19. Distribution of the Food & Agricultural Products (June 1998)
20. Food Ingredients (July 1998)
21. Frozen Vegetables (July 1998)

#### D. OTHER COMMODITY REPORTS

1. Oilseed and Products
2. Grain & Feed
3. Planting Seed
4. Seafood
5. Poultry
6. Forest Product
7. Citrus
8. Sugar
9. Livestock
10. Cotton
11. Agricultural Situation Report