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Report Highlights:

South Korea is the fifth largest market for U.S. agricultural products. Total imports of agricultural products amounted to \$20.5 billion in 2007 and are estimated to reach \$25 billion in 2008. U.S. agricultural and fishery exports to Korea are expected reach a record high of \$7 billion, accounting for about 30 percent of the overall market, in 2008. U.S. market share should increase after implementation of the Korea-U.S. Free Trade Agreement (KORUS FTA) which is expected to generate more opportunities for U.S. food and agricultural products than any agreement since NAFTA.

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Disclaimer

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

SECTION I. MARKET OVERVIEW

Korea was the world's 14th largest economy in 2007¹ with a GDP of \$1.201 trillion on a purchasing power parity (PPP) basis. Per capita GDP (PPP) in Korea was \$24,800 in 2007. Samsung Economic Research Institute forecast 2008 economic growth at 4.7 percent.

Although actual growth of Korea's export-oriented economy will depend on external conditions including the international price of oil, it is clear that Korea will remain one of the top markets for U.S. food and agricultural products for the foreseeable future. In part, demand for U.S. products is driven by Korean consumer trends which are converging with consumers trends in other developed economies including the United States. Korean consumers place value on high quality, low cost, healthiness and convenience in the course of making food purchasing decisions. Increasing affluence, more women in the workforce, and a well-traveled younger generation looking for goods with an international flavor are promoting the rise of convenience stores, bulk retail outlets and western-style family restaurants. The demand for products, such as meat, coffee, wine, sauce preparations, and confectionery items is growing and the domestic processing industry lacks the capacity to supply these items.

The Korea-U.S. Free Trade Agreement (KORUS FTA) concluded in early 2007 is expected to deepen the longstanding alliance between the United States and Korea. With respect to agricultural and food, the KORUS FTA is expected to create more opportunities for U.S. exporters than any agreement since NAFTA. The KORUS FTA is currently pending in the National Assembly of Korea and the U.S. Congress; it must be ratified by both before it is implemented.

The KORUS FTA will reduce Korean import tariffs on U.S. beef among many other products. Chilled, frozen and processed beef cuts accounted for roughly \$750 million in U.S. exports to Korea prior to 2003². Reopening of the market in 2008 to U.S. beef including bone-in beef and other cuts is expected to lead to a recovery in U.S. beef exports to the pre-ban level relatively quickly.

In addition to the reopening of beef exports, other consumer-oriented products are showing dramatic growth in 2008. Imports of U.S. consumer-oriented product, such as pork, poultry, pastries, cherries, coffee, fruit juices, processed meats and soybean oil are all growing very fast. Total imports of bulk products from the United States increased by 176 percent to \$2.48 billion during the first 7 months of 2008 over the same period of 2007.

¹ Source: [World Factbook](#)

² Source: [U.S. Trade Exports - FAS commodity aggregations](#)

Korea has a very high population density. Seoul, the nation's capital, has grown into a global metropolis. Currently 23 million people live in Seoul and the surrounding metropolitan area Incheon and Kyunggi Province. Together, the Seoul metropolitan area accounts for about 48 percent of the total population. Also, the Seoul metropolitan area currently houses about 84 percent of government bodies and institutes, 88 percent of Korea's 30 largest companies and 65 percent of the top-20 universities in the nation.

This concentration of population in the Seoul metropolitan area along with an efficient distribution system allows suppliers to realize promotional benefits from their efforts very quickly. The conflux of high population density, high internet connectivity and the ubiquity of

on-line selling, home shopping channel sales and home delivery of groceries offer lucrative marketing opportunities for many products.

Table 1. South Korean Agricultural Imports by Sector

(Millions of U.S. Dollars, Based on CIF Value)

Category	2006		2007		2008 (f)	
	World	U.S.	World	U.S.	World	U.S.
Consumer-Oriented	4,871	928	5,775	1,148	6,387	1,362
Intermediate	4,521	814	5,227	1,013	6,566	1,274
Bulk	3,186	1,429	4,103	1,719	6,605	4,253
Fish & Seafood	2,664	140	2,954	132	2,976	132
Forest Products	2,098	166	2,447	191	2,529	257
TOTAL	17,340	3,477	20,506	4,203	25,063	7,278

Note: (f) is a forecast based on January-July data.

Source: Korea Trade Information Service (KOTIS), compiled by ATO Seoul

Total imports of agricultural products from the United States are forecast to reach a record high of about \$7 billion in 2008. The increase projected for 2008 imports is due primarily to increase in imports of beef, feedstuffs, corn, soybeans and wheat from the United States.

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

Advantages	Challenges
U.S. food is perceived as equal or superior quality relative to domestic products.	Changes in food regulations compounded by language barrier.
Increasing affluence of Koreans is shifting consumer focus from price to quality.	Food safety concerns and biotech issues.
Local supply of agricultural products is limited.	Local currency is weakening against the dollar.
Korean government lifted ban on U.S. beef.	Onerous inspection/customs clearance procedures.
KORUS FTA will make U.S. products more competitive with other foreign suppliers.	Tolerances of additives/preservatives are different from the United States.

SECTION II. EXPORTER BUSINESS TIPS

A. Where to Start

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

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

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

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

Currently, there are two trade shows supported by ATO Seoul in Korea. The "Seoul Food & Hotel 2009" will be held in Ilsan in the suburbs of Seoul on May 13-16, 2009. The show offers a good opportunity to explore market opportunities in Korea. This show is a trade only show and targets importers, wholesalers, distributors, retailers, hotels, restaurants, food processors, media, etc. All other shows cater mostly to consumers. Please contact Mr. Russell Hood, President, Oak Overseas, Ltd. Phone: 704-837-1980 (ext: 302), Fax: 704-943-0853 and E-mail: rhoo@oakoverseas.com to reserve space in the U.S. pavilion at Seoul Food & Hotel 2009. Another show is "Busan International Seafood and Fishery Expo 2009" which is the largest seafood related show in Korea and will be held in Busan, the second largest city in Korea, on November 12-14, 2009.

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

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

Finally in the Korean market, never take anything for granted. Be ready for the unexpected. Just because the first container cleared customs does not mean the second one will. Be open for new information, attentive and patient.

B. Local Business Customs

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

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

Initial Communications: Koreans prefer to deal face-to-face. As such, cold calling (or cold e-mailing) is very difficult in Korea. When corresponding through written communication, start with words of appreciation, clearly mark the recipient's name, title, and division (as many Koreans have the same last name), avoid using long complex sentences and slang, indicate a reasonable time frame for a response, and close with additional words of appreciation.

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

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

Evening Gatherings: The office may not be the best place to discuss business matters or propose new ideas, especially when dealing with the older generation. It is helpful to get together in the evening for a less formal, but no less important, meeting. Korean businessmen often gather after work to see friends over drinks. There, many of the hierarchical traditions slacken. Although Koreans are wary of people who refuse to drink or who drink moderately, foreigners are given a little more flexibility especially if you explain that you have health or religious reasons for abstaining. A useful, cultural point to note in this situation is that it is impolite to pour one's own drink. So, if you want a drink, do not be bashful about pouring a drink for others.

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

Meetings: Small talk is a good way to break the ice at the beginning of a meeting, and a short, orderly meeting with an agenda provided in advance will go a long way towards the completion of a successful meeting. It is very likely that the meeting will be with a senior staff member whose English may not be very good. At times, a junior staff member might translate but, if not, be prepared to provide all materials and/or requests in writing. Pay attention to the seating arrangement, usually the senior staff member will sit at the head of the table. Decisions are usually made from the top down in Korea. When making initial visits, hiring a translator can be a valuable investment. Take time to educate the translator before hand so some familiarity with terms can be worked out.

Dress: It is recommended to wear a business suit and tie when meeting or visiting Korean importers for the first time. First impressions are important.

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

Special Note: One idiosyncrasy of the Korean language is that Koreans say "yes" when they might mean "no" or vice versa. For instance, in Korean, "Wouldn't you like to go home?" if answered with a "yes" means 'that's right, I would not like to go home'. To avoid confusion, reply with a full sentence, "Yes, I would like to go home."

C. General Consumer Tastes and Preferences

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

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

Korean consumers also like natural, fresh food products, such as health foods, functional foods and diet foods. Koreans perceive organic, low-chemical or other "natural" products as healthy products. As a result, the market for organic and "natural" foods is a segment that

has been developing rapidly. Koreans have always looked to their food to provide a functional or health benefit and foods made without the use of pesticides or insecticides appeal to Korean consumers.

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

D. Food Standards and Regulations

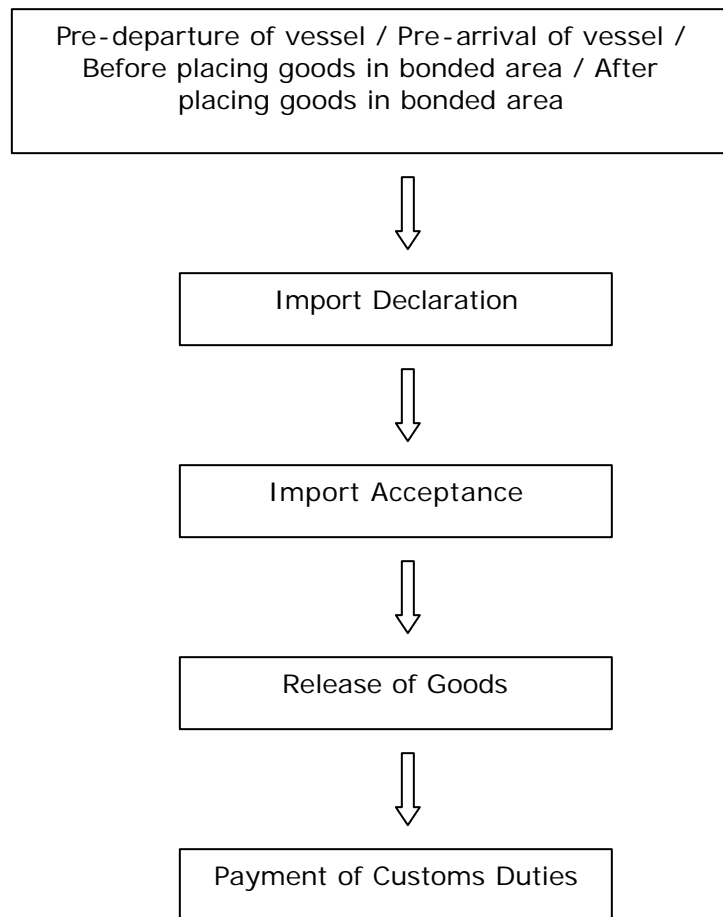
For information regarding food standards and regulations in Korea, please refer to the "FAIRS (Food and Agricultural Import Regulations and Standards) Country Report Annual 2008", KS8044 dated July 31, 2008. <http://www.fas.usda.gov/gainfiles/200807/146295313.pdf>

E. General Import and Inspection Procedures

The Korea Customs Service (KCS), KFDA, the National Quarantine Office (for ports that do not have KFDA regional offices), the National Veterinary Research & Quarantine Service, and the National Plant Quarantine Service are the agencies involved in the import clearance process. Imports of agricultural products generally must receive clearance from several agencies and are, thus, more likely to encounter port delays than other imported products. Delays can be costly due to the perishable nature of many agricultural products. In addition, other entities may be involved in regulating imports through the administration of licenses or, in some cases, quotas for agricultural products.

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

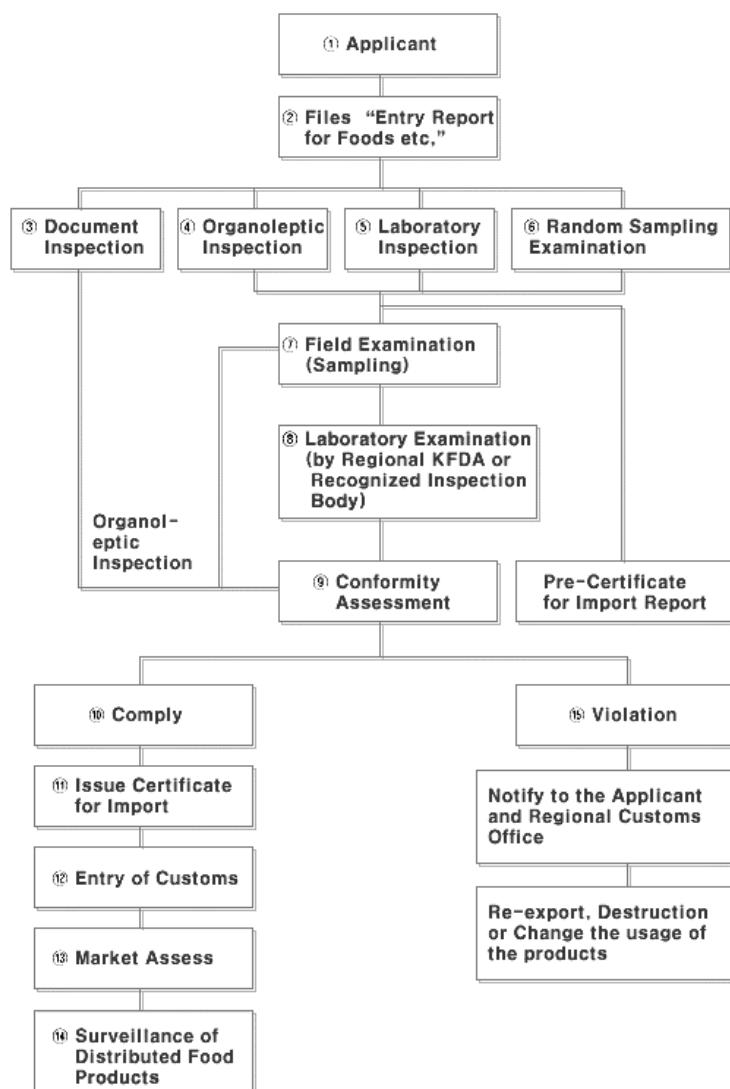
Chart 1. KCS Import Clearance Procedures



Source: Korea Customs Service

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

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



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

1. The importer or the importer's representative submits the "Import Declaration for Food, etc."
2. The type of inspection to be conducted is determined in accordance with the guidelines for inspection of imported food products. The types of inspection that a given food product may be subject to include: document inspection, organoleptic inspection, laboratory inspection, and random sampling examination.
3. If a product is subject to organoleptic inspection, laboratory inspection and random sampling examination, the KFDA inspector will conduct a field examination and take samples for the laboratory test.

4. KFDA conducts the conformity assessment from the information collected, using such items as test results, document inspection results, etc.
5. If a product complies with the Korean standards, KFDA issues a certificate for import. An importer can clear products with the KFDA import certificate.
6. If a product does not comply with the Korean standards, KFDA will notify the applicant and the regional customs office about the nature of the violation. The importer decides whether to destroy the product, return the shipment to the exporting country, or use it for non-edible purposes. If a minor violation can be corrected, as with labels, the importer can reapply for inspection after making the corrections.

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

Table 3. KFDA Inspection Duration

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

F. Labeling Requirements for Processed Food

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

With the exception of 102 meat, eggs, and dairy products, which are regulated by the MFAFF, all imported food products are required to be labeled with the necessary information in Korean. Stickers may be used instead of manufacturer-printed Korean language labels for general food products. The sticker should not be easily removable and should not cover the original labeling. For functional food items, however, stickers are not permitted. Manufacturer printed Korean language labels must be used on such products.

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

(1) Product Name. The product name should be identical to the product name declared to the licensing/inspection authority.

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

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

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

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

(6) Contents. Weight, volume or number of pieces should be indicated. If the number of pieces is shown, the weight or volume must be indicated in parentheses.

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

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

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

Categories exempt from labeling requirements

1. Agricultural products such as grains; fishery items, such as whole frozen fish; and fruits, that are not contained in a container or package, etc.
2. Foods, etc., to be used for manufacturing for a company's own use. (Documents that show such intent need to be provided.) In this case, the name of the product, the name of the manufacturer, and manufacture date or shelf life shall be indicated on the original package.
3. Products imported for the purpose of acquisition of foreign currency, under the provisions of Article 34 of the Ministerial Ordinance to the Foreign Trade Act.

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

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

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

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

G. Food Additive Code (Administered by KFDA)

The "Food Additive Code" guides the use of all additives in foods in Korea. As of July 2008, Korea had a positive list of 635 approved food additives. Food additives are grouped into three categories: (a) chemical synthetics, (b) natural additives, and (c) mixture substances. Most additives and/or preservatives are approved and tolerance levels are established on a product-by-product basis in Korea. This creates difficulties as tolerances can vary from product to product. Getting a new additive added to the approved list can be time consuming and troublesome. Even though there may be an established CODEX standard for a given food additive, if that food additive is not registered in the Korean Food Additive Code, or even if it is registered but usage in a certain food product is not specified, use of that food additive in the given food product is prohibited. This means that only food additives registered in the Korean Food Additive Code are allowed for use in food products, in accordance with the usage standards specified in the Food Additive Code.

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

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

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

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

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

The office responsible for approving food additives is as follows:

Food Additives Team
Nutrition & Functional Food Headquarters
Korea Food & Drug Administration
5 Nokbeon-dong, Eunpyung-ku
Seoul, Korea 122-704
Phone: 82-2-380-1687; Fax: 82-2-354-1399

H. Tariffs

Tariffs vary considerably from product to product. In general, tariff rates are higher for products that are produced domestically. Processed products and bulk products needed for local industries generally have lower tariffs. Detailed information on current and prospective tariffs under the KORUSA FTA can be found at:

http://www.ustr.gov/assets/Trade_Agreements/Bilateral/Republic_of_Korea_FTA/Final_Text/asset_upload_file786_12756.pdf Exporters can contact the ATO for specific information on tariff rates.

I. Sample Shipments

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

J. Copyright and/or Trademark Laws

The Korea Industrial Property Office is responsible for registration of trademarks and for review of petitions related to trademark registration. In accordance with the Trademark Law, the trademark registration system in Korea is based on a "first-to-file" principle. A person who registers a trademark first has a preferential right to that trademark and Korean law protects the person who has the right over the trademark. To prevent trademark disputes, U.S. companies considering conducting business in Korea are encouraged to register their trademarks prior to beginning their business operations.

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

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

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

Oregon Department of Agriculture Export Service Center

1200 N.W. Naito Parkway, Suite 204
Portland, Oregon 97209-2835
Tel: 503-872-6644; Fax: 503-872-6615
E-mail: esc-food@oda.state.or.us

Authorized for food-related testing, such as residue and microbiological testing on food and beverages, food package, and health functional food, which are bound for Korea

Omic USA Inc.

Mr. Ryuichi Kurosawa, President
1200 N.W. Naito Parkway
Portland, Oregon 97209
Tel: 503-224-5929; Fax: 503-223-9436

Authorized for food-related testing, such as residue and microbiological testing on food, beverages, and health functional food, which are bound for Korea

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

2. Korean laboratories accredited by KFDA

Table 4. List of Laboratories

No.	Name	Web Address	Accredited Testing
1	Korea Advanced Food Research Institute	www.kafri.or.kr	Food, Health functional food, and qualitative GMO testing
	Korea Advanced Food Research Institute – Busan Branch	www.kafri.or.kr	Food & Health functional food
2	Korea Health Industry Development Institute	www.khidi.or.kr	Food & Health functional food
3	Korea Food Research Institute	www.kfri.re.kr	Food & Health functional food
4	Korea Basic Science Institute – Seoul Center	www.kbsi.re.kr	Dioxin
5	Korea Testing Laboratory	www.ktl.re.kr	Dioxin
6	Science Lab Center	www.sclab.co.kr	Qualitative GMO testing
7	Jeonbuk Bioindustry Development Institute	www.jbdi.or.kr	Qualitative GMO testing
8	Korea Research Institute of Analytical Technology	www.anapex.com	Food & Health functional food
9	Korea Health Supplement Institute	www.khsi.re.kr	Food & Health functional food
10	Chonbuk University Chemical Safety Management Research Center	#1 ga, Dukjin-dong, Jeonju city, Chonbuk Province Tel: 82-63-270-2448 Fax: 82-63-270-2449	Dioxin
11	Kogene Biotech	www.kogene.co.kr	Qualitative GMO testing
12	Takara Korea Biomedical	www.kgac.co.kr	Qualitative GMO testing
13	Korea Institute of Health Promotion	www.kahp.or.kr	Parasite eggs in food
14	SGS Testing Korea	www.kr.sgs.com/kr	Qualitative GMO testing
15	Nexgen Associates	www.nexgens.com	Qualitative GMO testing
16	JPNC	www.jnc.co.kr	Qualitative GMO testing

L. Documents generally required when food is imported

Invoice
Bill of Lading, or Airway Bill

Packing List

Certificate of Origin (not required if there is "Made in USA" on the label.)

Names of all ingredients with percentage of major ingredients

Processing Method

Certificate of Production Date

Packing Material (not required for bottles, cans and paper packages)

Non-biotech (certification for corn, soybeans and potatoes)

Sanitary certificate (for meat, fruit, nuts, vegetables, plants, grains, etc.)

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Local eating habits have changed dramatically in recent years. A diet that has long been based on rice has become progressively more centered on wheat and protein. For instance, per capita rice consumption has decreased from 128 kilograms in 1985 by about 37 percent to 81 kilograms in 2005 over the past 20 years. At the same time, consumers are seeking more diversity and are becoming more quality-oriented. Consumption of fish, fruits and vegetables has also increased. Consumer preferences are shifting toward foods that are convenient to cook rather than those that require lengthy preparation. At the same time, demand for greater quality in terms of flavor and nutrition has increased. Consumers are becoming more health and safety conscious in their food buying habits, as ingredients, packaging, shelf life and toxicity are becoming important determinants of purchasing behavior. Spending habits are also becoming more diversified, as individual preferences and a wider variety of foods are available to meet consumer demands. These shifts toward quality, variety, convenience, safety and health have resulted not only in increased consumption of processed food, but have also stimulated the growth of the domestic food processing industry.

A. Retail Food Sector

Food sales through all retail market channels except traditional markets grew in 2007. Sales through other retail markets including traditional markets contracted by 7.1 percent. Retail market food sales are expected to show substantial growth in 2008 except for other markets including traditional markets. On-line sales constitute a rapidly growing segment of retail food sales. Korea's high level of internet connectivity and increasing focus on convenience and variety bodes well for future development of on-line sales. Products purchased on-line are also becoming more diverse from cosmetics to electronics to health foods. Most of the leading off-line mass retailers now operate Internet stores and offer home-delivery to compete in the segment.

Chart 3. Food and Non-food Retail Market Sales in Korea

Average Exchange rate in 2007: US\$ = 929 Korean won

Sources: The Yearbook of Retail Industry 2008 Value: \$Billion

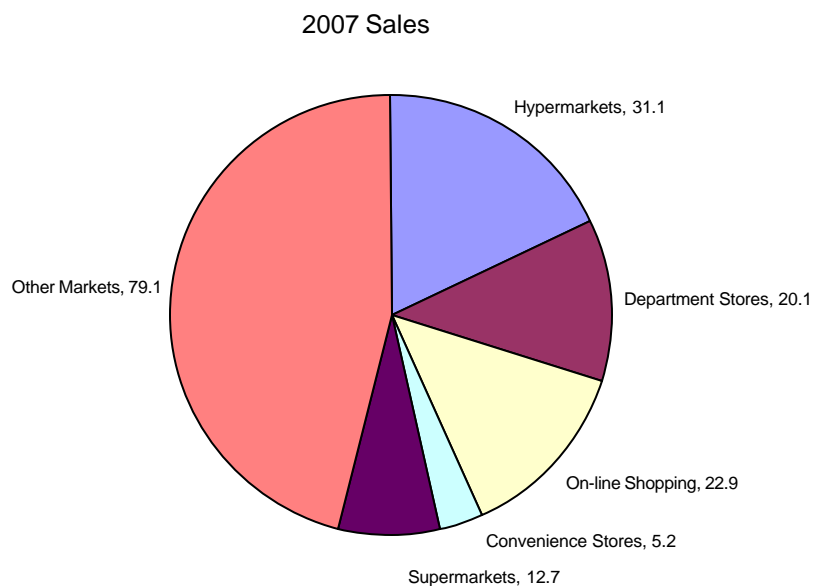
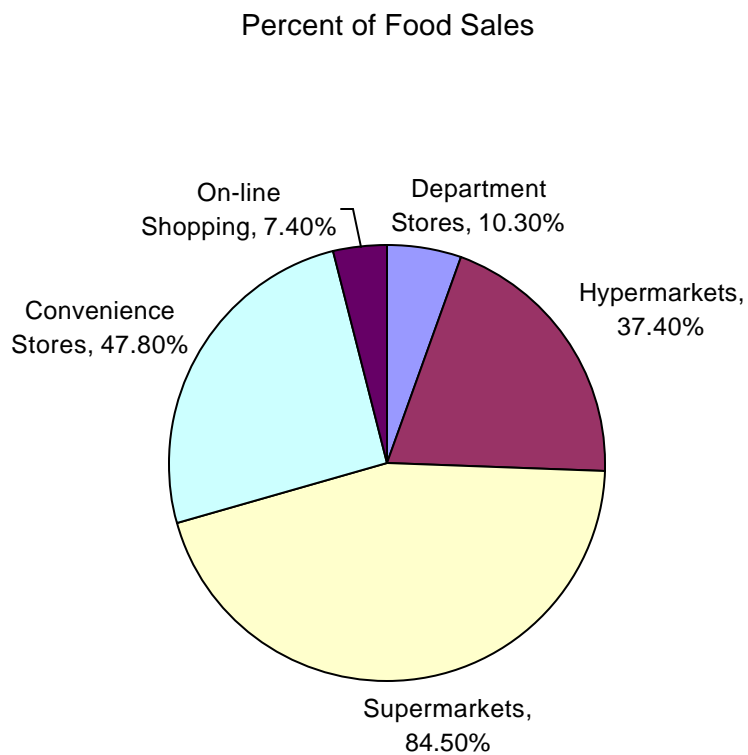


Chart 4. Receipts from Food & Ag. Products Sales for Each Retailers: 2007



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

Most retailers purchase imported food products from importers and/or wholesalers. A few retailers started to import food products directly when the import volume is large. U.S. exporters should contact importers and distributors, along with retailers to market their products.

Currently, the customs clearance process is cumbersome and costly and generally not cost effective to bringing in mixed container loads. Instead importers bring in full containers of a particular product, store in-country or distribute to retailers or other distributors. Few Korean retailers import food products directly? Instead, they prefer to buy these products from importers.

1. Department Stores/Shopping Centers. According to the Korea Super Chain Association (KOSCA), the total sales of department stores and shopping centers amounted to \$20.1 billion in 2007. The average daily sales per person at department stores were \$65.33 in 2007. Food and beverage sales accounted for 10.3 percent of department store receipts in 2007. The three main department stores in Korea are Lotte, Shinsegae and Hyundai. Department stores sales are in competition with hypermarkets and discount stores. This industry grew about 3 percent growth in 2007 over the previous year.

2. Supermarkets. The total sales of supermarkets amounted to \$12.7 billion in 2007. Average daily sales of the supermarkets surveyed by KOSCA were \$21,851 per store in 2007. Of the average sales per outlet, food sales accounted for 84.5 percent of all receipts. The major players in this market are GS Supermarket, Lotte Supermarket and Top Mart. This industry enjoyed 4.1 percent growth in 2007 over the previous year.

3. Convenience Stores. According to the KOSCA report, there were 11,056 outlets in 2007, up from 9,928 outlets. The total sales of the 8 convenience store companies surveyed by KOSCA were \$5.2 billion in 2007, a 13 percent increase from \$4.6 billion in 2006. The average daily sales per store were \$1,623 with 475 average daily customers in 2007. Of total sales, food and beverage sales accounted for 47.8 percent in 2006. This sector is expected to grow substantially over the next few years as the number of outlets increases. The major players in this market are Family Mart, GS25 and Seven Eleven.

4. Hypermarkets/Discount Stores. This is one of the fastest growing segments in the retail sector. Total sales of hypermarkets were \$31.1 billion in 2007, up from \$28.2 billion in 2006. The three big players in this sector (E-Mart, Home Plus and Lotte Mart) accounted for 73 percent of the sector's total sales in 2007. The average daily sales per person at hypermarkets were \$44.5 with 6,689 average daily customers per store in 2007. Of the average sales per store, food and beverage products accounted for 37.4 percent. In 2005 there were big changes in the discount store industry. Wal-Mart Korea sold its 16 stores to Shinsegae for \$882 million. Carrefour sold its 32 stores to E-land for \$1.82 billion. Media reports speculate that difficulties in adapting to Korean retail sector characteristics contributed to Wal-Mart and Carrefour's decisions to liquidate investments in Korea. Sales for this sector are expected to grow at about 10 percent every year over the next couple of years, as the number of outlets continues to increase.

For further detailed information on the retail food sector in Korea, please click the Retail Food Sector Biennial Market Brief 2007 – KS7024 dated April 19, 2007 in Section VI of this report.

B. Hotel, Restaurant and Institutional (HRI) Industry

The Monthly Statistics of Korea (July 2008 Issue) shows that the average monthly expenditures on food and beverages per household in cities in 2007 amounted to about \$614, accounting for 21.1 percent of typical household's total expenditures. Expenditures on restaurant meals have been increasing rapidly and accounted for 47 percent of the total expenditures Koreans made on food and beverages in 2007.

Table 5. Average Monthly Expenditures on Food Items per Household in cities in 2007

Food Items	Expenditure (US\$)	Percent
Restaurant Meals	288.37	47.00%
Meat	48.33	7.90%
Vegetables & seaweeds	46.61	7.60%
Cereals and bread	45.32	7.40%
Fruits	38.97	6.30%
Fish and shellfish	37.02	6.00%
Bakery & confectioneries	25.3	4.10%
Tea, soft drinks & Alcoholic beverages	24.97	4.10%
Dairy products	23.36	3.80%
Other foods	18.62	3.00%
Oils, fats & seasonings	17.12	2.80%
Total Expenditure	613.99	100.0%

Average Exchange Rate in 2007: US\$ = 929 won

Source: Monthly Statistics of Korea, July 2008

The Korean food service sector garnered \$53.3 billion of cash register sales in 2006 (Average exchange rate in 2006 was 955.5 won against US\$). The total number of restaurants was 546,504 providing employment for 1.45 million employees. However, over 90 percent of restaurants were small family-owned businesses that hired less than five employees. Average annual sales per restaurant amounted to \$97,529 in 2006.

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

The hotel sector, especially five and four star hotels with in-house premium restaurants, has played a leading role in introducing new-to-market food products and recipes to local opinion leaders. It also has served as an efficient venue for promotional activities of the food service industry, including menu promotions, product launchings and technical seminars. Currently, food and beverage sales are estimated to comprise 40 to 50 percent of total sales revenue of

five and four star hotels. Some leading hotels, the Shilla and the Westin Chosun for example, have expanded their food service businesses outside of their hotels and now operate detached restaurants in various formats, including microbrew pubs, food courts, coffee shops, bakery shops and premium gourmet restaurants. Although the role played by hotels in the food service sector is on a gradual decline due to the growth of restaurants on the street, it is likely that the sector will remain a leading distribution channel for premium, high-quality imported food and beverage products.

2. Restaurant Segment. Although on a steady decline in number due to the rapid growth of international-theme restaurants, traditional Korean food restaurants still take the dominant part of the restaurant sector. However, menus and products served in these Korean restaurants are becoming fused with more diverse ideas and styles of international cuisines, offering greater opportunities to imported products. In a similar vein, many of the international dishes served at the restaurants in Korea are somewhat 'Koreanized' in terms of the taste, ingredients, and style. In general, local consumers want more hot spices, vegetables and seafood ingredients added to international recipes while preferring less salt, oil and fat.

Due to the high population density, delivery service is commonly offered by many restaurants in metropolitan areas. For example, the Pizza Hut Korea chain makes 70 percent of the sales from home delivery service. The high real estate cost is also forcing small scale restaurants focus on the home delivery market.

It is notable that Korea has an exceptionally high number of bars and pubs. The newest trends in the segment include micro-brew pubs, wine bars and the growth of bars under franchise management. Although decreasing among the health conscious elderly generation, drinking is still considered an important part of business and social life. Although slowly declining in popularity, beer and Soju³ are by far the most consumed alcoholic beverages among the general public. Although the consumption of hard liquor has been on a gradual decline in recent years mainly due to increased health concerns, Soju sales have maintained a steady growth backed by the launch of new products that contain less alcohol (most popular Soju products now contain less than 20 percent alcohol).

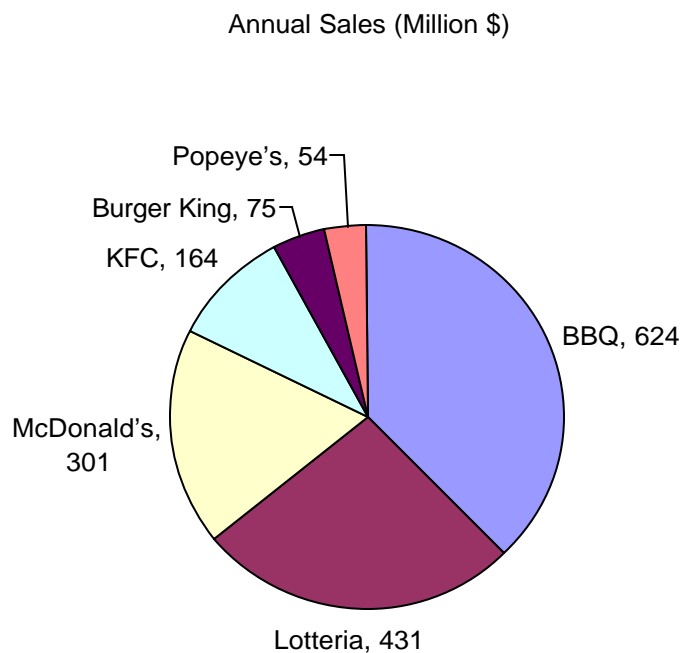
Chart 5. Profile of Major Quick Service Western Restaurant Chains: 2007

Sales for McDonald's: 2002 Sales for Burger King: 2005.

Average Exchange rate in 2007: US\$ = 929 Korean won

Source: Food Distribution Yearbook 2008

³ Traditional local hard liquor similar to Vodka but now is made primarily from imported tapioca. It contains about 19-25% of alcohol.

**Chart 6. Profile of Major Family Restaurant Chains**

Average Exchange rate in 2007: US\$ = 929 Korean won

Source: Food Distribution Yearbook 2008

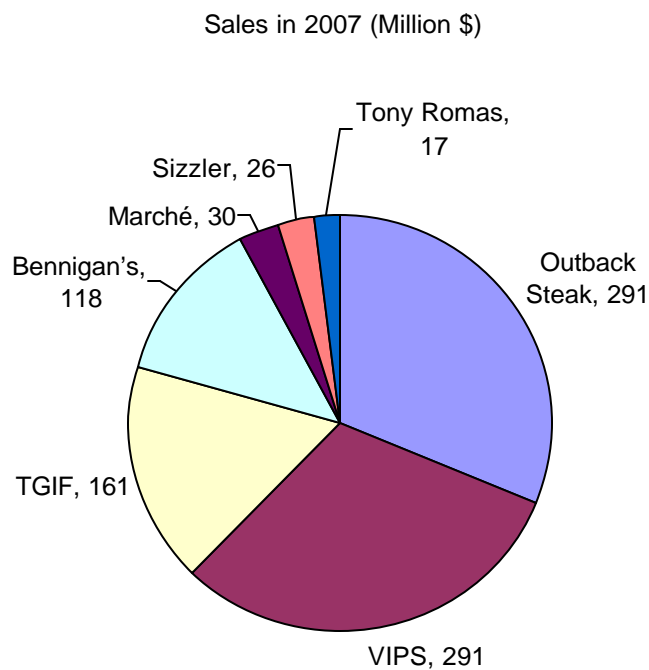
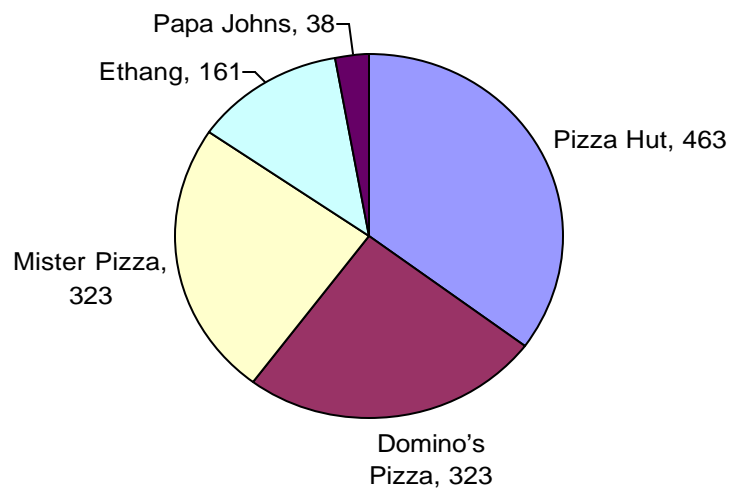


Chart 7. Profile of Major Pizza Restaurant Chains

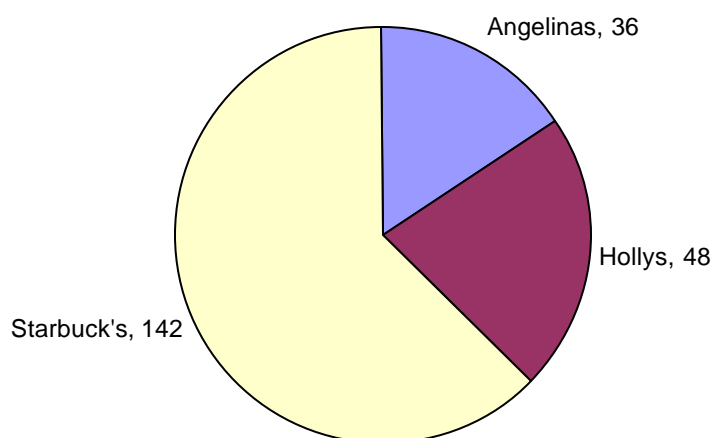
Average Exchange rate in 2007: US\$ = 930 Korean won

Source: The Yearbook of Retail Industry 2008

Sales in 2007 (Million \$)

**Chart 8: Profile of Major Coffee Shop Chains**

Sales in 2007 (Million \$)



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

The growth of the commercial institutional feeding segment is mainly led by a handful of leading players, all of them subsidiaries or affiliated businesses of local conglomerates. The leading players are currently closing down small scale outlets to focus on big volume clients, which is leaving some room for smaller players to grow. In particular, after mass food poisoning incidents broken out during the last couple of years, leading players have stepped away from the school segment.

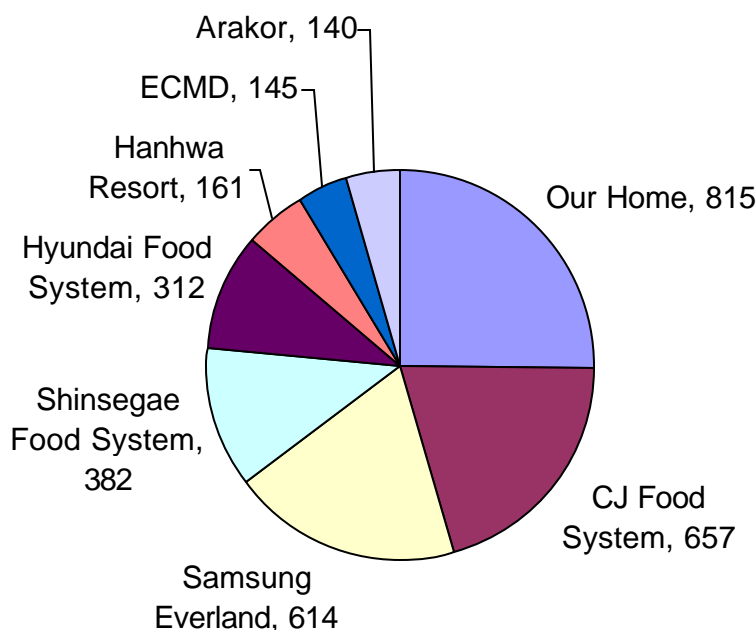
Most of the leading companies have diversified into regular restaurant businesses, including food courts, cafeterias, bars, coffee shops, bakery shops and premium restaurants. Some of the leading companies have also expanded into the food service distribution business that offers a broad line of products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

Price and stable supply capability are the two most important criteria when restaurants in the segment make purchasing decisions. Consequently, the segment relies heavily on low price products from export oriented countries, including China, South Asia, and Australia. However, it is expected that the segment will accept more high value further processed American products in the coming years that can save labor and overhead cost.

Chart 9. Profile of Major Institutional Food Service Companies: 2007

Source: Yearbook of Retail Industry 2008

Annual Sales (Million \$)



For further detailed information on the hotel, restaurant and institutional industry in Korea, please click the HRI Food Service Sector Annual Report – KS8012 dated March 3, 2008 in Section VI of this report.

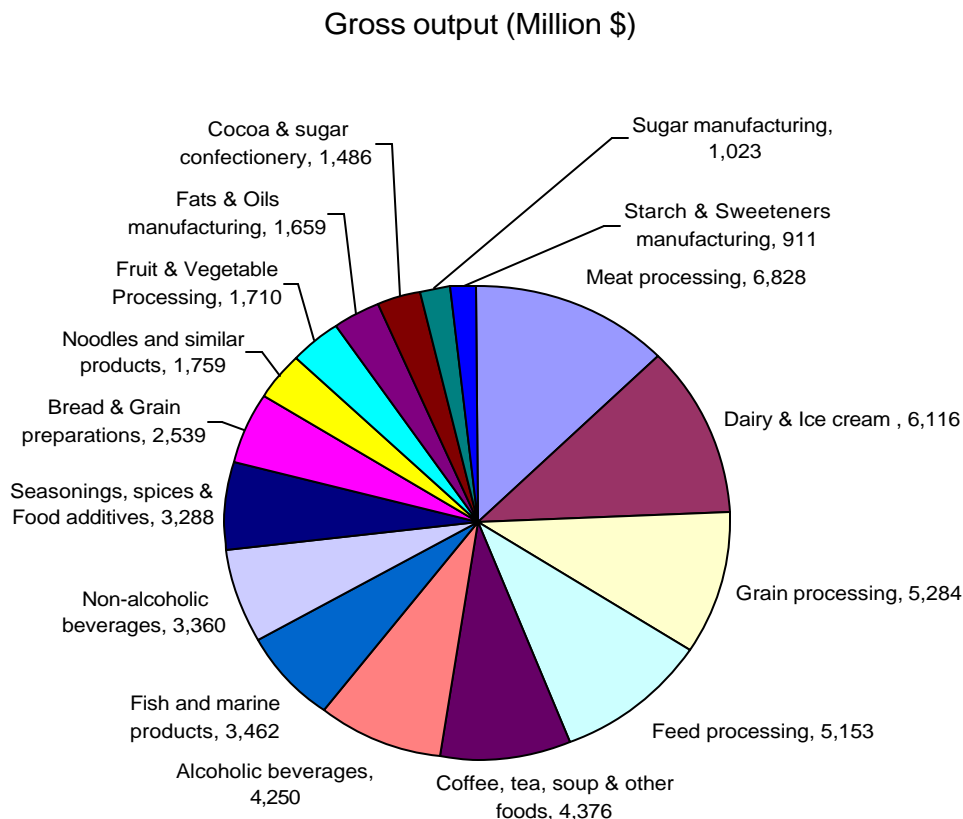
C. Domestic Food Processing Sector

The Korean food and beverage manufacturing and processing industry is a major consumer of imported raw materials, intermediate products, ingredients and additives. Imports are necessary to support the processing industry because local production cannot meet the demand. Except for rice and certain dairy products, Korea imports almost all types of agricultural products for processing. Corn, soybeans, wheat, essential oils, frozen concentrated orange juice, poultry meat, almonds, walnuts, powdered milk, whey powder are good examples of the raw materials or ingredients imported into Korea for use in food processing. U.S. suppliers have a strong opportunity to export raw materials or ingredients for use in food processing in Korea. The total production of food, foodstuffs, meat, fish and beverages at 8,389 processors with 5 or more employees is estimated at \$53.2 billion in Korea in 2006.

Chart 10. Output of Food Processing by Sector: 2006

The average Exchange Rate in 2007: US\$ = 929 won

Source: Report on Mining and Manufacturing Survey, Dec. 2007



Most Korean food and beverage manufacturers are small-scaled companies. As of the end of 2006, there were 8,495 food, livestock, dairy and beverage manufacturing companies with a labor force of five or more across Korea. Of these there are only 14 manufacturers with 500 employees or over as shown on the following table. Only 3.4 percent (288 manufacturers) have 100 or more employees.

Table 6. Employment Size of Food and Beverage Manufacturers: 2006

No. of Employees	No. of Manufacturers	Percent
5-9	4,437	52.2%
10-19	2,010	23.7%
20-49	1,334	15.7%
50-99	426	5.0%
100-199	195	2.3%
200-399	52	0.6%
300-499	27	0.3%
500 and Over	14	0.2%
Total	8,495	100.0%

Source: Report on Mining and Manufacturing Survey, Dec. 2007

D. Trends in Holiday Sales

There are two major holidays in Korea when sales dramatically increase: In 2009, the three-day Lunar New Year Holiday will take place on January 25, 26 and 27, 2008 and the three-day Chusok (Korean Thanksgiving) holiday will take place on October 2, 3 and 4, 2008.

During these holidays, many Koreans give gifts to their relatives, friends and business associates. Beef ribs, fruits and other high value food products are popular during these holidays. Retailers conduct special promotions to market holiday food gifts.

E. On-line Retailers

The popularity of e-commerce marketing channels is bolstered by the high level of internet connectivity and mobile phone use in Korea. There are five TV home shopping companies in Korea, approved by the government, which sell their products in a variety of ways including catalogs, internet sales, and television sales programming. The total e-commerce sales amounted to about \$22 billion in 2007. Receipts attributable to food sales accounted for about 7.3 percent of all e-commerce receipts in 2007.

Virtually all kinds of food products that are found in conventional retail stores are available on-line since conventional retailers now operate internet stores coupled with home delivery service. Furthermore, on-line shopping has greatly expanded the assortment of products available, in particular to those consumers in suburban areas where modern mass retailers are yet to penetrate. However, most of the sales of food products through on-line retailing are focused on a limited number of "well-known" or "reputable" existing products as many consumers still do not feel comfortable with on-line purchasing of foods with which they have little personal experience. Obviously price and convenience are the two leading factors that prompt people to shop on-line.

Table 7. Annual Sales of On-line Retail Segment

	2003	2005	2007
Catalog Shopping	\$753 million	\$624 million	\$700 million
TV Home Shopping	\$4.5 billion	\$4.5 billion	\$4.2 billion
Internet Shopping	\$7.1 billion	\$11.2 billion	\$17 billion
Total	\$12.3 billion	\$16.3 billion	\$21.9 billion

Average Exchange Rate in 2007: \$=929 won

Source: The Year book of Retail Industry 2008

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Product Category	HS Code Number	2007 Imports : (\$ Mil) Total: USA:	5 Yr. Avg. Annual Import Growth	Import Tariff Rate	Key Constraints over Market Development	Market Attractiveness for U.S.
Beef	0201 0202	939 94	2%	Beef: 40%	Tariff is high. Beef from cattle less than 3 years old can be importable.	Ban on bone-in beef lifted and strong demand will recover to the \$800 million pre-ban level.
Pork	0203	883 208	64%	22.5-25%	High tariff	Strong demand as a substitute for beef.
Citrus	0805	123 115	6%	Oranges: 50% Grapefruit : 30%	High tariff rates	The U.S. is the predominant supplier.
Cheese	0406	179 32	22%	36%	Higher prices	Good taste and quality
Fresh Cherries	0809.20		134%	24%	Fumigation requirements and short shelf life.	Not much competition
Juices	2009	148 45	9%	30-50%	High tariffs	Good quality
Whey	0404	144 32	38%	20-49.5%	TRQ is applied.	Good quality, competitive prices and local production is limited.
Wine	2204	150 17	82%	15%	Fewer varieties than French. Chilean wine subject to lower tariffs as a result of FTA.	Consumption is growing rapidly
Fish and Seafood	03 1604 1605	2,954 132	11%	*10-20%	Higher prices	Good quality
Bread, cakes, pastry, etc.	1905	146 38	31%	8%	Higher prices.	Good quality
Nuts	0802	82 72	40%	8-30%	Tariffs are high for pistachios & walnuts.	U.S. is the dominant supplier.

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

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

KEY FAS/USDA CONTACTS AND FURTHER INFORMATION

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

U.S. Agricultural Trade Office

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

Agricultural Affairs Office

Korean Address: U.S. Embassy, 82, Sejong-ro, Chongro-ku, Seoul, Korea
U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-AgAff, APO, AP 96205-5550
Telephone: 82-2 397-4297 Fax: 82-2 738-7147
E-mail: agseoul@fas.usda.gov

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

The United States Department of Agriculture's Foreign Agricultural Service (USDA/FAS) offers information and services that can be beneficial to both new and experienced exporters. For example, 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.

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

AgConnections Team
AgExport Services Division, Foreign Agricultural Service, Washington, D.C.
Telephone: 202-690-4172 Fax: 202-205-2963
E-mail: joyce.estep@usda.gov
Website: www.fas.usda.gov/agx/agx.html

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

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

Korean Address: Room 303, Leema Building
146-1, Susong-dong, Chongro-ku, Seoul, Korea
U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-APHIS, APO, AP 96205-5550
Telephone: 82-2 725-5495 Fax: 82-2 725-5496
E-mail: yunhee.kim@aphis.usda.gov
Website: www.aphis.usda.gov

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

Food Export Association of the Midwest USA

309 W. Washington St., Suite 600

Illinois 60606

Telephone: 312-334-9200

Fax: 312 334-9230

E-mail: thamilton@foodexport.org

Website: www.foodexport.org

Western United States Agricultural Trade Association (WUSATA)

2500 Main Street, Suite 110, Vancouver, WA 98660-2697, USA

Telephone: 360-693-3373

Fax: 360-693-3464

E-mail: bruce@wusata.org

Website: www.wusata.org

Food Export USA - Northeast Region of the United States

150 S. Independence Mall West, 1036 Public Ledger Building

Philadelphia, PA 19106, USA

Telephone: 215-829-9111

Fax: 215-829-9777

E-mail: jcanono@foodexportusa.org

Website: www.foodexportusa.org

Southern United States Agricultural Trade Association (SUSTA)

2 Canal Street Suite 2515, New Orleans, LA 70130, USA

Telephone: 504-568-5986

Fax: 504-568-6010

E-mail: jim@susta.org

Website: www.susta.org

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

U.S. Commercial Service

Korean Address: U.S. Embassy, 82, Sejong-ro, Chongro-ku, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-USCS, APO, AP 96205-5550

Telephone: 82-2 397-4535

Fax: 82-2 739-1628

E-mail: Seoul.office.box@mail.doc.gov Homepage: www.buyusa.gov/korea

SECTION VI. OTHER RELEVANT REPORTS

[FAIRS Country Reports Annual – KS8044 dated July 31, 2008](#)

[Export Certificate FAIRS Report Annual – KS7061 dated September 28, 2008](#)

[Retail Food Sector Biennial Market Brief 2007 – KS7074 dated April 19, 2007](#)

[HRI Food Service Sector Annual – KS8012 dated March 3, 2008](#)

[Food Processing Report 08.doc - KS8007 dated February 26, 2008](#)

APPENDIX. STATISTICS**Table A. KEY TRADE & DEMOGRAPHIC INFORMATION**

Agricultural Imports From All Countries (\$Mil) / U.S. Market Share (%) 1/	20,506/20.5
Consumer Food Imports From All Countries (\$Mil)/U.S. Market Share (%) 1/	5,775/19.9
Edible Fishery Imports From All Countries (\$Mil) / U.S. Market Share (%) 1/	2,954/4.5
Total Population (Millions) / Annual Growth Rate (%)	49/ 0.33
Urban Population (Millions) / Annual Growth Rate (%) 2/	38.5/1
Number of Major Metropolitan Areas 3/	8
Size of the Middle Class (Millions) / Growth Rate (%) 4/	N/A
Per Capita Gross Domestic Product (U.S. Dollars) 5/	\$24,800
Unemployment Rate (%)	3.2
Per Capita Food Expenditures (U.S. Dollars) 6/	\$614
Percent of Female Population Employed 7/	48.8%
Exchange Rate (US\$ = Korean won) 8/	929

All data are for 2007 unless otherwise noted.

Foot Notes

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

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

^{3/} Population in excess of one million people in 2005

^{4/} Official data is not available

^{5/} Purchasing power parity basis. Source: <https://www.cia.gov>

^{6/} Average monthly household expenditures in cities on food and beverage

^{7/} Number of women employed as a percent of total women 15 years old or above in 2006

^{8/} Average exchange rate of Korean won against U.S. dollar in 2007.

Table B. KOREAN CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS

Imports (In Millions of Dollars)	Imports from the World			Imports from the U.S.			U.S. Market Share		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
CONSUMER-ORIENTED TOTAL	4,287	4,984	5,946	881	1,003	1,229	21%	20%	21%
Snack Foods (Excl. Nuts)	167	182	225	44	52	57	27%	28%	25%
Breakfast Cereals & Pancake Mix	8	11	15	4	6	3	54%	51%	20%
Red Meats, Fresh/Chilled/Frozen	1,352	1,652	1,933	141	185	308	10%	11%	16%
Red Meats, Prepared/Preserved	71	90	110	14	19	26	20%	22%	24%
Poultry Meat	87	79	79	33	41	28	38%	51%	35%
Dairy Products (Excl. Cheese)	186	199	267	29	37	39	15%	19%	15%
Cheese	144	146	179	25	25	32	18%	17%	18%
Eggs & Products	10	10	14	4	5	4	39%	35%	29%
Fresh Fruit	383	449	533	138	147	163	36%	33%	31%
Fresh Vegetables	90	133	128	4	5	8	5%	4%	6%
Processed Fruit & Vegetables	516	618	752	100	99	110	19%	16%	15%
Fruit & Vegetable Juices	103	117	148	37	40	45	36%	34%	30%
Tree Nuts	64	89	86	54	74	72	85%	82%	84%
Wine & Beer	84	109	181	14	18	24	17%	16%	13%
Nursery Products & Cut Flowers	51	59	68	1	1	1	2%	2%	1%
Pet Foods (Dog & Cat Food)	45	51	58	19	22	24	43%	43%	41%
Other Consumer-Oriented Products	926	988	1,171	221	232	284	24%	23%	24%
SEAFOOD PRODUCTS TOTAL	2,301	2,664	2,301	144	140	132	6%	5%	6%
Salmon	36	57	36	2	1	0	6%	1.3%	0%
Surimi	147	138	147	66	51	52	45%	37%	35%
Crustaceans	523	649	523	7	8	6	1%	1%	1%
Ground fish & Flatfish	762	847	762	49	54	44	6%	6%	6%
Mollusks	271	333	271	3	3	4	1%	1%	1%
Other Fishery Products	563	641	563	17	23	26	3%	4%	5%
CONSUMER & FISHERY TOTAL	6,588	7,648	8,247	1,025	1,143	1,361	16%	15%	17%

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

Table C. TOP 15 SUPPLIERS OF CONSUMER FOODS & EDIBLE FISHERY PRODUCTS

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

Reporting Country: Korea, Republic of Top 15 Ranking	Import		
	2005	2006	2007
	\$million	\$million	\$million
United States	881	1,003	1,229
China	652	841	998
Australia	680	817	905
New Zealand	350	329	373
Philippines	189	226	264
France	160	192	243
Chile	124	147	216
Netherlands	118	129	175
Canada	129	15	171
Japan	133	136	161
Thailand	75	91	120
Belgium	98	111	120
Brazil	58	85	108
Denmark	120	96	92
Italy	54	56	83
Others	466	710	688
Total	4,287	4,984	5,946

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

Table C-2. FISH & SEAFOOD PRODUCTS

Reporting Country: Korea, Republic of Top 15 Ranking	Import		
	2005	2006	2007
	\$million	\$million	\$million
China	927	1,021	1,057
Russia	276	346	423
Japan	170	220	269
Vietnam	164	206	268
Thailand	122	141	146
United States	144	140	132
Taiwan	63	86	83
Norway	29	41	61
Indonesia	29	32	50
Canada	40	48	49
Chile	28	43	41
Peru	21	35	36
Argentina	15	22	29
United Kingdom	30	23	21
India	20	27	21
Others	223	233	268
Total	2,301	2,664	2,954

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