USDA United States Department of Agriculture
Foreign Agricultural Service

GAIN Global Agricultural Information Network

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# **Report Name:** Exporter Guide

**Country:** Korea - Republic of

**Post:** Seoul ATO

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**Report Highlights:**

South Korea managed the COVID-19 pandemic relatively well, and consumer spending on food remained strong during the pandemic due to increased home eating. Korea's overall agricultural imports are forecast to increase 17 percent in 2021 due to increased demand for imported products in both the retail and processing sectors. The United States is the leading supplier of imported agricultural products to Korea with a 25 percent market share. Ongoing socio-economic shifts coupled with elevated consumer attention to quality and value will generate new opportunities for U.S. food and agricultural products in Korea for years to come.

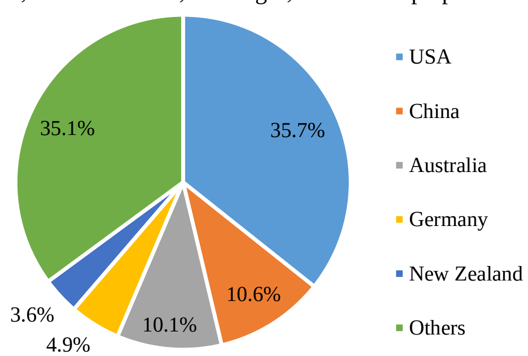
# Market Fact Sheet: South Korea

## Executive Summary

South Korea has the 10th largest economy in the world with a GDP of $1.6 trillion and a per capita GNI of $31,755 in 2020. It is about the size of Indiana and has a population of 52 million. Over 90 percent of Koreans live in urban areas. Domestic production meets only 45 percent of food demand. The United States exported $8.8 billion in agricultural products to Korea in 2020, making it our fifth largest export market. The U.S. supplies a quarter of Korea's agricultural imports.

## Imports of Consumer-Oriented Products

Korea imported $14.8 billion in consumer-oriented products in 2020, accounting for 41 percent of agricultural imports. There are still many opportunities for U.S. export growth in this segment, including for beef, pork, fruits, tree nuts, dairy products, confectioneries, beverages, and further prepared foods.




## Food Processing Industry

Korea had over 30,000 food processing companies in 2020, generating $56 billion in sales. Korean food processing companies rely heavily on imported commodities and ingredients. Imports of basic and intermediate agricultural products totaled $13.4 billion in 2020. Twenty three percent ($3.1 billion) of these imports came from the United States.

## Food Retail Industry

Korean retail food sales totaled $103 billion in 2020, accounting for 29 percent of total retail sales. Grocery supermarkets are the leading food retail channel, followed by on-line retailers, hypermarket discount stores, convenience stores, and department stores. On-line retailers and convenience stores are expected to grow faster than other channels over the next 5-10 years. The fast expansion of on-line retailers is forcing conventional retail channels to restructure space and devise new strategies to attract consumer traffic.

### *Quick Facts CY 2020*

**Imports of Ag. Products from the World**

| | |
|---|---|
| - Basic Products | US$5.3 billion |
| - Intermediate Products | US$8.1 billion |
| - Consumer-Oriented Products | US$14.8 billion |
| - Forest Products | US$2.7 billion |
| - Seafood Products | US$5.3 billion |
| - Total | US$36.1 billion |

**Top 10 Consumer-Oriented Ag. Imports from the World**

| | | | | | |
|---|---|---|---|---|---|
| 1) | Beef | $2.9 B | 6) | Alcoholic Bev | $780 M |
| 2) | Pork | $1.4 B | 7) | Coffee | $738 M |
| 3) | Frozen Fish | $1.2 B | 8) | Bakeries | $348 M |
| 4) | Fresh Fruit | $1.2 B | 9) | Tree Nuts | $338 M |
| 5) | Dairy | $1.1 B | 10) | Confectionery | $328 M |

**Top 10 Growth Consumer-Oriented Ag. Imports**

Animal offal, mineral water, food preparations not-elsewhere-specified, butter, vinegar, grapes, poultry meat, beef, roasted prepared foods, melons & papayas

**Food Industry by Channels**

| | |
|---|---|
| - Retail Food Industry | US$102.9 billion |
| - HRI Foodservice Industry | US$121.3 billion |
| - Food Processing Industry | US$56.0 billion |
| - Food & Agricultural Exports | US$7.0 billion |

**Top Korean Retailers**

EMART, LOTTE Mart, HOME PLUS, COSTCO, GS Retail (GS Super, GS25), BGF Retail (CU), Korea Seven, E Land Retail, Lotte Department Store, Shinsegae Department Store, Hyundai Department Store, Hanwha Galleria, Coupang, SK Planet, Ebay Korea, CJ O Shopping, GS Home Shopping

**GDP/Population**

Population: 52 million
GDP: US$ 1.6 trillion
GDP per capita: US$ 31,755

## Strengths/Weaknesses/Opportunities/Challenges

| *Strengths* | *Weaknesses* |
|---|---|
| - Well established market with modern distribution channels<br>- Consumer income level continues to increase | - High logistics cost to ship American products<br>- Consumers have limited understanding of American products |
| ***Opportunities*** | ***Challenges*** |
| - Strong consumer demand for value, quality, and diversity<br>- KORUS FTA reduces tariff barriers for American products. | - Elevated competition from export-oriented competitors<br>- Discrepancies in food safety and labeling regulations |

**Data and Information Sources:** Korea Ministry of Food & Drug Safety, Korea National Statistics Office, Korea Int'l Trade Association, Global Trade Atlas, CIA Factbook. To the greatest extent possible, the latest available statistics are used in this publication.

**Contact:** U.S. Agricultural Trade Office (ATO) Seoul
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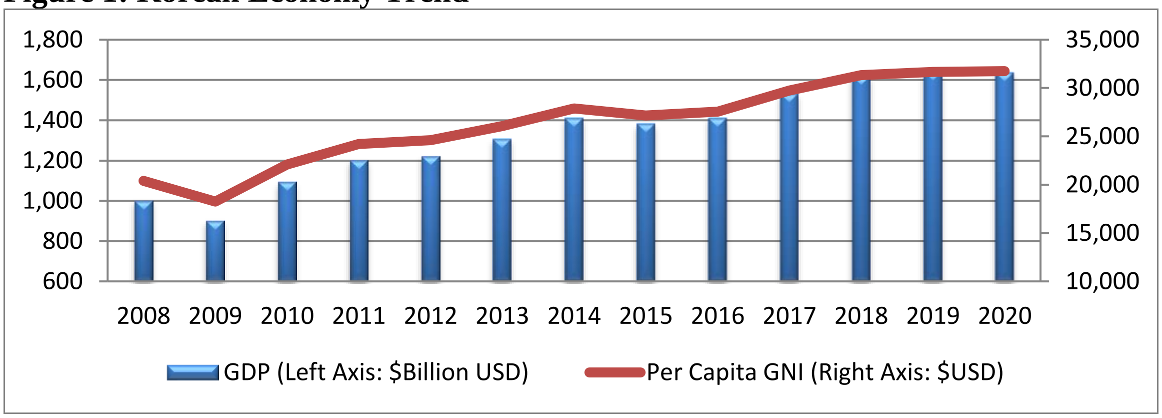
## SECTION I. MARKET OVERVIEW

South Korea (hereafter referred to as Korea) is the world's 10th largest economy with a Gross Domestic Product (GDP) of $1.6 trillion and a per capita Gross National Income (GNI) of $31,755 in 2020. The Korean economy was hit hard by the COVID-19 pandemic in 2020. However, Korea handled the pandemic relatively well, and its economy continues to recover through 2021. The Korean government forecasts that Korean GDP will grow 4 percent in 2021. The Korean food market will likely generate solid growth in 2021 despite on-going COVID-19 challenges as consumers are paying extra attention to quality and healthy diets.

**Figure 1: Korean Economy Trend**




Source: The Bank of Korea

**Table 1: Korean Agricultural Imports by Product Category ($Million USD, CIF Value)**

| Product Category | From the World | | | From the United States | | | |
|---|---|---|---|---|---|---|---|
| | 2020 | 2021(F)[1] | Growth | 2020 | 2021(F) | Growth | Mkt Share(F) |
| Basic Commodities | 5,264 | 6,320 | 20.1% | 1,658 | 2,299 | 38.7% | 36.4% |
| Intermediate | 8,073 | 9,918 | 22.8% | 1,404 | 1,639 | 16.7% | 16.5% |
| Consumer Oriented | 14,735 | 17,018 | 15.5% | 5,422 | 6,088 | 12.3% | 35.8% |
| Forest Products | 2,662 | 3,394 | 27.5% | 75 | 96 | 29.1% | 2.8% |
| Seafood Products | 5,267 | 5,602 | 6.4% | 215 | 204 | -5.2% | 3.6% |
| Total | 36,002 | 42,252 | 17.4% | 8,773 | 10,327 | 17.7% | 24.4% |

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

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

[1] 2021(F) is an ATO Seoul forecast based on January-August import data reported by the Korean government

Korea relies heavily on imports to fulfill its agricultural and food needs. The country is about the size of Indiana and over 70 percent of its land is mountainous, making it unsuitable for large-scale commercial farming. While agriculture accounts for only two percent of GDP, it remains politically important. Much of the limited farm acreage is dedicated to rice production due to government subsidy policies. With a population of 52 million, Korea is the third most densely populated country in the world among countries with populations over 20 million. Over 90 percent of Koreans live in urban areas covering only 17 percent of the country. Over half the population lives in the greater metropolitan Seoul area.

Korea's overall agricultural imports are forecast to increase 17.4 percent in 2021 due to increased demand for imports in both the retail and processing sectors. Korean imports of consumer-oriented products from the United States are forecast to increase 35.8 percent in 2021 to a record $6.1 billion.

**Table 2: Advantages and Challenges for U.S. Products in the Korean Market**

| Advantages | Challenges |
|---|---|
| Korea is a fast-paced market where new ideas and trends are eagerly tried and accepted. Rising incomes are creating demand for diverse and quality food. | Many Korean consumers are biased toward locally produced agricultural products, believing they are better and safer than imported products. |
| Korea depends heavily on food and agricultural imports. Consumers closely follow international food trends. | Imports are subject to strict food safety regulations. Korean food safety standards change frequently and with short notice. |
| Korean consumers are very concerned about food safety. Many consumers recognize the United States as a trusted origin for quality agricultural products. | The supply chain for imported products includes multiple layers of intermediary distributors and agents, which adds cost and inefficiency. The supply chain has experienced serious delays and higher cost due to the COVID-19 pandemic. |
| Implementation of the KORUS FTA generates new opportunities for U.S. suppliers by reducing tariff and non-tariff barriers. | U.S. products face strong competition from other exporting countries. The recent economic slowdown has made consumers more price sensitive, favoring low price competitors. |

## SECTION II. EXPORTER BUSINESS TIPS

### A. Market Research

New-to-market U.S. suppliers seeking entry into Korea should first conduct preliminary research to determine if there is a potential market for their products in Korea. The research should cover key marketing and regulatory issues including consumption trends, size of the market and competition, major distribution channels, import tariffs and local taxes, and labeling and food additive restrictions. The Agricultural Trade Office Seoul website offers a variety of related information and links to other resources, including:

- GAIN Reports: Routine and voluntary reports on key products, industries, and regulatory issues published by FAS Seoul.
- Korea's Agricultural Import Statistics: Monthly spreadsheet updates on Korean agricultural imports by four-digit HS product classification. Both the Korean government import statistics (KOTIS data,

CIF value) and U.S. export statistics (U.S. Customs data, FOB value) are included for more accurate trade analysis.
- Korea Food Market Media Reports: Weekly local food news clippings that summarize outstanding issues and trends in the Korean food market.

The U.S. Department of Commerce' Country Commercial Guide also contains useful information on the Korean market.  Socio-economic data can be found in the CIA Factbook.

**B. Establishing Korean Business Partners**

Many Korean importers are actively seeking business opportunities with new foreign suppliers and are willing to provide in-depth market intelligence if they are interested in the supplier's product or business offers.  Korean importers highly value face-to-face encounters when developing new business partnerships so exhibiting in reputable food trade shows is an effective tool for developing contacts with target Korean buyers.  Seoul Food & Hotel, the only food trade show in Korea officially endorsed by USDA/FAS, is an effective venue for new-to-market U.S. suppliers to develop contacts with Korean buyers.  For registration information, please visit the show website or contact the organizer at rhood@oakoverseas.com.  Other international food trade shows with a large-scale Korean buyer attendance include FoodEx Japan, Natural Products Expo West, Fancy Food Show, SIAL France, and ANUGA Germany.  Please visit the internet homepages of the shows for updated schedules in 2021 and beyond as most of the shows were canceled or went on-line format during the COVID-19 pandemic.

Another recommended tool is joining reverse trade delegations to Korea organized by U.S. agricultural export promotion organizations, such as State Regional Trade Groups (Western U.S. Trade Association, Food Export Association of the Midwest USA, Southern U.S. Trade Association, and Food Export USA Northeast), State Departments of Agriculture, and USDA Cooperators.  Some states and USDA cooperators have representative offices or marketing contractors in Korea and may offer market entry assistances for new-to-market suppliers (contact information of the organizations can be found at the end of this report).

While Korean importers understand international business customs and practices, paying attention to cultural differences will help build trusted business relationships.  Please refer to the Appendix for some tips on navigating Korean business culture.

**C.  General Consumer Food Tastes and Consumption Trends**

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

There is strong consumer interest in pursuing healthier diets.  This demand is driven in part by the rapid aging of Korean population.  Many people adhere to the traditional Korean teaching that "food and medicine are from the same source."  The 'well-being' trend, emphasizing physical and psychological health, has also heightened interest in healthy diets.  This has resulted in growing demand for functional food supplements and foods with perceived health benefits.

**Table 3: Aging Korean Population (unit: million people)**

| Age Group | 1995 | | 2020 | | Change |
|---|---|---|---|---|---|
| | Number | Share | Number | Share | |
| 0-14 | 10.2 | 23.0% | 6.3 | 12.1% | -38 % |
| 15-64 | 31.7 | 71.1% | 37.3 | 71.9% | 18 % |
| 65 + | 2.6 | 5.9% | 8.3 | 16.0% | 219 % |
| Total | 44.5 | 100% | 51.9 | 100% | 17% |

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

Korean consumers are extremely sensitive to food safety issues. The government and industry are pressured to ensure the quality and safety of food in the market through new regulations and public campaigns. For example, food traceability has emerged as a priority initiative in recent years, resulting in mandatory traceability labeling on key products, including livestock meat and eggs, and registration of foreign facilities.

Sustained economic growth has expanded the number of affluent consumers in Korea. Swiss Credit Group reported that the number of millionaires in Korea reached 750,000 in 2019, 9.5 times more than in 2010. This has created more demand for high-end food products. The growing number of young people who have traveled internationally has also fueled demand for diversity and new tastes.

At the same time, there is also strong demand for affordable products. The recent economic slowdown as well as the on-going retirement of seven million Korean baby boomers has increased demand for lower priced private brand label products in retail stores. Value-oriented retail segments, including on-line retailers, warehouse discount stores and outlet shopping malls, are reporting solid sales growth under this trend.

Convenience is another strong driving force behind many key consumer trends as everyday life for Koreans gets busier. For example, the rapid increase in dual-income families, single parent households, and single member households is leading to strong growth in Home Meal Replacement (HMR) products in retail stores as well as take-out meals in restaurants. Delivery services are extremely well developed in Korea as people do not want to spend time in heavy traffic. Rapid growth in on-line shopping is also rooted in the demand for convenience. The COVID-19 pandemic has accelerated the market shift toward on-line shopping. For example, consumer spending on on-line shopping increased 17 percent in 2020 according to the Korean government data.

Each Korean household spent 705,722 won ($598) on average per month on food purchases in 2020.[2] Grocery purchases accounted for 55 percent of food spending, while dining out accounted for the remaining 44 percent. Spending on dining out outpaced grocery purchases in recent years until the COVID-19 pandemic. Consumers dramatically reduced trips to restaurants and foodservice outlets during the pandemic. Instead, many consumers have opted for on-line platforms for restaurant meal home delivery services during the pandemic. Sales of on-line meal deliveries increased 78 percent in 2020. The Korean Government plans to reduce social distancing restrictions in November 2021 when the public vaccination rate reaches 80 percent. Consumer traffic to restaurants and foodservice establishments is expected to improve significantly as a result.

[2] Exchange rate $1 = 1,180 Won in 2020

**Table 4: Breakdown of Monthly Korean Household Food Expenditure (Won, Per Person)**

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | CAGR |
|---|---|---|---|---|---|---|---|
| People in a Household | 2.64 | 2.58 | 2.46 | 2.43 | 2.41 | 2.40 | -2% |
| Total Consumption Expenditure | 830,682 | 839,182 | 1,039,359 | 1,044,297 | 1,019,368 | 1,000,051 | 4% |
| Total Food Expenditure | 226,475 | 229,951 | 291,215 | 295,431 | 282,112 | 294,051 | 5% |
| Monthly Spending by Product Category | | | | | | | |
| Grains, Raw | 6,900 | 6,053 | 6,623 | 8,098 | 7,683 | 8,061 | 3% |
| Grains, Processed | 5,289 | 5,467 | 6,622 | 6,961 | 6,561 | 7,787 | 8% |
| Bakeries | 7,263 | 7,228 | 9,160 | 9,591 | 9,278 | 10,257 | 7% |
| Meat, Fresh | 18,056 | 18,691 | 22,289 | 22,761 | 20,212 | 25,130 | 7% |
| Meat, Processed | 3,649 | 3,790 | 4,528 | 4,776 | 5,058 | 6,029 | 11% |
| Seafood, Fresh | 6,933 | 6,807 | 9,305 | 9,304 | 7,758 | 9,213 | 6% |
| Seafood, Processed | 5,015 | 4,967 | 6,484 | 6,161 | 5,454 | 6,243 | 4% |
| Dairies & Eggs | 9,763 | 9,517 | 11,149 | 10,858 | 10,646 | 11,665 | 4% |
| Fat & Oil | 1,022 | 964 | 1,224 | 1,206 | 1,070 | 1,371 | 6% |
| Fruits, Fresh & Processed | 14,243 | 14,316 | 17,991 | 18,539 | 15,676 | 16,654 | 3% |
| Vegetables, Fresh & Processed | 12,605 | 13,343 | 16,605 | 16,244 | 13,932 | 17,239 | 6% |
| Seaweeds | 1,394 | 1,355 | 1,824 | 1,784 | 1,517 | 1,628 | 3% |
| Snacks & Confectionery | 9,059 | 8,709 | 10,626 | 10,750 | 10,443 | 11,406 | 5% |
| Seasonings & Sauces | 4,231 | 3,982 | 5,711 | 6,262 | 5,310 | 6,507 | 9% |
| Other Processed Foods | 4,189 | 4,696 | 7,304 | 8,210 | 8,282 | 9,802 | 19% |
| Coffee & Tea | 2,522 | 2,467 | 3,430 | 3,498 | 3,419 | 3,796 | 9% |
| Juice & Beverages | 4,059 | 4,217 | 5,577 | 5,892 | 5,691 | 5,986 | 8% |
| Alcoholic Beverages | 4,078 | 4,226 | 6,144 | 6,211 | 5,717 | 6,530 | 10% |
| Dining Outside Home | 106,205 | 109,155 | 138,619 | 138,326 | 138,403 | 128,747 | 4% |

Source: Monthly Household Expenditure Survey, Korea National Statistics Office

## SECTION III. IMPORT FOOD STANDARDS & REGULATIONS

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

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

## SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

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

### A. Retail Food Sector

Cash register sales for food products in the Korean retail industry reached a record 121 trillion won ($103 billion) in 2020, up 9 percent from the previous year. Korean families increased spending on grocery shopping during the COVID-19 pandemic due to increased eating at home. Supermarkets are the leading retail channel for food products. However on-line retailers and convenience stores will likely account for more food sales in the industry in coming years, reflecting increased consumer demand for convenience and value. For further information about the retail food sector in Korea, please refer to Korea Retail Foods Report 2021.

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

The HRI food service industry in Korea experienced a sharp decline in consumer traffic during the COVID-19 pandemic. Although strong growth in on-line home delivery sales (up 78 percent) offset part of the impact, it is estimated that the industry's cash register sales declined 7 percent in 2020 to 128 trillion won ($109 billion). For further information about the HRI food service sector in Korea, please refer to Korea HRI Foodservice Sector Report 2021.

### C. Food Processing Sector

Korea has a strong food processing industry that manufactures a wide variety of processed foods and additives. Korea had over 30,000 food processing companies in 2020, generating $56 billion in sales. Korean food processing companies rely heavily on imported commodities and ingredients. For more information on the food processing sector, please refer to Korea Food Processing Ingredients Market Report 2021.

## SECTION V. KOREA'S AGRICULTURAL & FOOD IMPORTS

The following tables summarize Korean major agricultural imports as well products with the fastest growth.

**Table 5: Top Korean Imports of Consumer-Oriented Products and Competition**

| Product Category | HS Code | Gross Imports 2020 ($ Million USD) | 1st Supplier (Share) | 2nd Supplier (Share) | U.S. Ranking |
|---|---|---|---|---|---|
| Food Preparations Not Elsewhere Specified | 2106 | 1,960 | U.S. (57%) | Germany (6%) | 1 (57%) |
| Beef, Frozen | 0202 | 1,917 | U.S. (58%) | Australia (35%) | 1 (58%) |
| Pork, Fresh, Chilled or Frozen | 0203 | 1,382 | U.S. (31%) | Spain (14%) | 1 (31%) |

| | | | | | |
|---|---|---|---|---|---|
| Fish, Frozen (Not Fillets) | 0303 | 1,189 | Russia (33%) | China (20%) | 5 (8%) |
| Crustaceans | 0306 | 1,137 | Russia (35%) | Vietnam (19%) | 12 (1%) |
| Beef, Fresh or Chilled | 0201 | 979 | U.S. (64%) | Australia (36%) | 1 (64%) |
| Mollusks | 0307 | 965 | China (44%) | Vietnam (23%) | 7 (1%) |
| Coffee | 0901 | 738 | Columbia (14%) | U.S. (14%) | 2 (14%) |
| Cheese and Curd | 0406 | 629 | U.S. (41%) | N.Z. (16%) | 1 (41%) |
| Fish Fillets, Fresh/Chilled/Frozen | 0304 | 584 | Vietnam (17%) | U.S. (15%) | 2 (15%) |
| Prepared/Preserved Crustaceans | 1605 | 521 | Vietnam (25%) | China (22%) | 27 (0%) |
| Other Preserved Fruits & Nuts | 2008 | 360 | China (29%) | Vietnam (17%) | 3 (16%) |
| Bread, Pastry, Cakes, etc. | 1905 | 348 | Malaysia (18%) | U.S. (16%) | 2 (16%) |
| Wine | 2204 | 330 | France (28%) | Chile (18%) | 3 (17%) |
| Chocolate & Food Preparations | 1806 | 327 | U.S. (25%) | Italy (9%) | 1 (25%) |
| Other Nuts | 0802 | 295 | U.S. (92%) | Australia (5%) | 1 (92%) |
| Bananas | 0803 | 276 | Philippines (75%) | Columbia (8%) | 11 (0%) |
| Poultry Meat & Offal | 0207 | 264 | Brazil (80%) | Thailand (9%) | 5 (1%) |
| Sauces & Preparations | 2103 | 256 | China (38%) | Japan (20%) | 3 (15%) |
| Citrus Fruit, Fresh/Dried | 0805 | 254 | U.S. (87%) | S. Africa (3%) | 1 (87%) |
| Fish, Fresh/Chilled (Not Fillets) | 0302 | 249 | Norway (90%) | Japan (5%) | 19 (0%) |
| Edible Offal | 0206 | 245 | Australia (47%) | U.S. (38%) | 2 (38%) |
| Fruit Juices | 2009 | 243 | U.S. (22%) | Spain (21%) | 1 (22%) |
| Beer made from malt | 2203 | 227 | Netherlands (18%) | U.S. (15%) | 2 (15%) |
| Sugar Confectionery | 1704 | 222 | Germany (26%) | China (20%) | 3 (9%) |

Source: Korea Trade Information Service (KOTIS) Database ([www.kita.net](http://www.kita.net)) / CIF value

**Table 6: Fastest Growing Korean Imports of Consumer-Oriented Products**

| Product Category | HS Code | Gross Imports 2020 ($ Million USD) | Growth from 2019 | Imports from U.S. ($ million) | U.S. Growth |
|---|---|---|---|---|---|
| Vinegar | 2209 | 13 | 50% | 3 | 95% |
| Cabbage, Cauliflower, etc. | 0704 | 24 | 43% | <1 | 12% |
| Onions, Shallots, Garlic, Leeks | 0703 | 18 | 28% | None | - |
| Wine | 2204 | 330 | 27% | 56 | 65% |
| Natural Honey | 0409 | 12 | 23% | 5 | 37% |
| Peas & Beans, Dried | 0713 | 64 | 21% | 6 | 2% |
| Lettuce, Fresh/Chilled | 0705 | 16 | 20% | 5 | 34% |
| Dried Pepper | 0904 | 41 | 19% | 1 | 56% |
| Ice Cream & Other Edible Ice | 2105 | 45 | 19% | 15 | 82% |
| Olive Oil | 1509 | 79 | 18% | 1 | 54% |
| Prepared Foods - Roasted | 1904 | 46 | 18% | 14 | 33% |
| Other Fruit, Fresh | 0810 | 178 | 18% | 34 | 5% |
| Processed Meat (Dried, | 0210 | 18 | 17% | 11 | -1% |

| | | | | | |
|---|---|---|---|---|---|
| Meals) | | | | | |
| Cider, Perry, Mead | 2206 | 33 | 14% | 2 | -10% |
| Cheese and Curd | 0406 | 629 | 13% | 259 | 3% |
| Beef, Fresh or Chilled | 0201 | 979 | 13% | 622 | 15% |
| Jams, Jellies, Marmalades | 2007 | 28 | 12% | 4 | -3% |
| Coffee | 0901 | 738 | 12% | 100 | 3% |
| Food Preparations Not Elsewhere Specified | 2106 | 1,960 | 12% | 1,112 | 9% |
| Vegetables/Fruits/Nuts in Vinegar | 2001 | 35 | 7% | 2 | 9% |
| Tea | 0902 | 21 | 6% | 1 | -22% |
| Lamb, Mutton, Goat, Fresh | 0204 | 143 | 6% | None | - |
| Other Sugar Products | 1702 | 152 | 5% | 23 | 0% |
| Sauces & Preparations | 2103 | 256 | 5% | 38 | 6% |
| Fruits & Nuts, Processed | 0811 | 108 | 5% | 23 | 13% |

Source: Korea Trade Information Service (KOTIS) Database (www.kita.net) / CIF value / Listing is limited to products that Korean imports were $10 million or larger.

## SECTION VI. KEY FAS/USDA CONTACTS AND FURTHER INFORMATION

U.S. Agricultural Trade Office Seoul (ATO)
Korean Address: Room 303, Leema Building, 42 Jongro 1-gil, Jongro-gu, Seoul, Korea
Telephone: +82-2 6951-6848Fax: +82-2 720-7921
E-mail: atoseoul@fas.usda.gov Internet homepage: www.atoseoul.com

Agricultural Affairs Office, U.S. Embassy Seoul (AAO)
Korean Address: U.S. Embassy, 188 Sejong-daero, Jongro-gu, Seoul, Korea
Telephone: +82-2 397-4297 Fax: +82-2 738-7147
E-mail: agseoul@fas.usda.gov

U.S. Animal Plant and Health Inspection Service Seoul (APHIS)
Korean Address: Room 303, Leema Building, 42 Jongro 1-gil, Jongro-gu, Seoul, Korea
Telephone: +82-2 725-5495 Fax: +82-2 725-5496
E-mail: yunhee.kim@aphis.usda.gov Internet Homepage: www.aphis.usda.gov

**USDA Cooperators, States, SRTG, State Offices and AMCHAM in Korea**
USDA Cooperators in Korea
U.S. State Regional Trade Groups (SRTG)
U.S. State Offices in Korea
American Chamber of Commerce (AMCHAM)

**Host Country Government**
Ministry of Agriculture, Food and Rural Affairs (MAFRA)
Ministry of Food and Drug Safety (MFDS)
Ministry of Trade, Industry and Energy (MOTIE)
Ministry of Foreign Affairs (MOFA)

**Appendix: Korean Business Culture**

While Korean importers understand international business customs and practices, paying attention to cultural differences will help build trusted business relationships. The following are some business tips that U.S. suppliers should keep in mind when working with Korean businessmen.

*Initial Communication*:
Partly due to the strong influence of Confucianism philosophy, Koreans try to be formal when they develop contacts with new people. As such, cold calling (or cold e-mailing) can be problematic. Koreans take extra steps and effort to make the initial communication as formal as possible. For example, e-mails or letters often include 'protocol' information, such as lengthy greetings or elaborated introduction about the person in charge, that are not directly related to the business subject. Initial communication may not be considered official or meaningful unless done in a formal way (e.g., use of official letterheads or seals) or by a proper level person in the organization. Communication exchanged between working level staff may not take effect until senior level staff is introduced to the discussion later for final confirmation on the preliminary agreement already made. Therefore, U.S. suppliers should try to match the formality of the Korean counterpart, particularly during the initial stage of contact. As a result, progress in initial communication may seem slow.

*Relationship Building & Social Networking:*
Koreans put high value on personal interaction when developing a new relationship, so they prefer to deal face-to-face. U.S. suppliers may see little progress in negotiations until there is a face-to-face meeting with the Korean counterpart. Koreans may seek introductions or referrals from mutually connected third parties to supplement the personal interaction. Koreans enjoy socializing and participate actively in various social networks, such as religious organizations, school alumni groups, political parties, and birthplace associations. Any of these social networks can help U.S. suppliers develop or even troubleshoot their relationship with Korean business partners. Many Koreans are active users of on-line social media, such as blogs, internet communities, *Facebook*, and *Twitter*.

*Language:*
Although English is the most common foreign language used in Korea and is officially taught in public schools, many Koreans find it difficult to communicate in English. Therefore, U.S. suppliers should be very careful when writing or talking to Korean counterparts in English. U.S. suppliers should try to use plain words, use clear and simple sentences, avoid using slang or trendy expressions, and ask for confirmation that the Korean counterpart has fully understood the idea. When corresponding through written communication, start with words of appreciation, clearly mark the recipient's name, title, and division (as many Koreans have the same last name), indicate a reasonable time frame for a response, and close with additional words of appreciation. Culturally, Koreans rarely say "no" directly. Instead they often say the issue is "difficult." If there is anything unclear or confusing, it is best to ask directly and clearly what additional information or explanation is needed. When there is no satisfying reply, there is nothing wrong with politely asking again.

*Name Cards:*
Exchange of name cards is usually the first item of business expected at the very beginning of a face-to-face encounter. In Korea, people seldom call others by their first names. Instead, they use surnames (such as Mr. Lee) or title and surname together (such as President Lee). Never use the first name unless

the person specifically asks to be called by his/her first name. Having the back side of business card translated and printed in Korean should help the Korean recipient better understand and remember you. One thing to note is that Koreans put their surnames ahead of first names when they write their names in Korean. For example, in a Korean name 'Hong Gil-Dong', the surname is 'Hong'. Korean names are difficult for Westerners to tell if the contact is a male or a female. Job titles are quite diversified in a Korean organization, so the job title on a Korean business card can be confusing as there may not be an exact match in U.S. businesses (for example, 'Manager of Sales Department' on a Korean business card could mean 'Sales Executive' up to 'Vice President of Sales' in a U.S. company).

*Meetings:*
A clearly defined agenda provided in advance to the Korean counterpart helps meetings stay focused and generate successful outcomes. When the meeting includes a senior staff member who speaks little English, a designated junior staff member of the Korean company usually translates on behalf of the whole Korean party. However, regardless of the fluency of the translator from the Korean side, U.S. suppliers should be prepared to provide all materials in writing to avoid misunderstanding. For important meetings, U.S. suppliers should also consider hiring a professional interpreter. Take time before the meeting to ensure that your interpreter is familiar with the terms that you will use. Small talk is a good way to break the ice at the beginning of a meeting. Allow the Korean party to talk enough before giving your reply, but it is ok to stop the discussion and ask for clarification or additional information.

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

*Dress Code:*
Koreans place great importance on first impressions. It is recommended to wear a business suit and tie when meeting or visiting Korean importers for the first time regardless of the weather (in the heat of summer most Koreans do not wear a tie) unless you intend to deliver a specific idea by wearing special attire.

*Resolving Conflicts:*
Koreans do not like to appear to "lose face" when dealing with conflicts. Therefore, even a small concession offered by the U.S. supplier can help resolve the conflict more quickly. Visible anger is not useful in a confrontation. Instead, silence could be a more effective method of conveying displeasure. Apologizing can also be useful and does not always mean that you feel you were wrong. Lastly, never point your criticism directly at one specific person, but try to share the issue with the entire group of staff involved in the Korean company. Lawsuits are a very expensive and time-consuming way to

resolve conflicts.  Therefore, it is always recommended to include an alternative measure in the contract describing how potential business disputes will be resolved.  The following is a clause often used by Korean traders - "All disputes related to this contract shall be finally settled by arbitration in the country of the respondent.  In case the respondent is the Korean importer, the arbitration shall be held at the Korean Commercial Arbitration Board.  In case the respondent is the American supplier, the arbitration shall be held at an American commercial arbitration association."  The Korean Commercial Arbitration Board offers some useful information related to this issue.

**Attachments:**

No Attachments