



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/6/2001

GAIN Report #KS1074

# **Korea, Republic of**

## **ATO Activities Report**

### **Korea Market Highlights - November**

### **2001**

Approved by:

**Daryl A. Brehm**

**U.S. Embassy, Seoul**

Prepared by:

**OH, Young Sook**

---

#### **Report Highlights:**

The Korean economy will likely produce 2 percent growth in calendar year 2001, reflecting the impact of the slowing world economy since the beginning of the year. For this year, U.S. agricultural exports to Korea are not expected to experience a downturn due to the events of September 11. U.S. agricultural exports remain at a pace slightly ahead of last year through the first three quarters of this year.

ATO Seoul is again sponsoring the U.S. Food Showcase, to be held March 18 and 19, 2002. This is an excellent opportunity for U.S. exporters to enter the Korean market.

---

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

## Korea Highlights

### A. Economic Update

While the Korean economy has been affected this year by the generally slowing global conditions, there has not been a significant "post September 11" impact manifested in agricultural imports from the United States. Both government and private sources estimate growth for the year 2001 will be in the 2 percent range, a number significantly lower than the 5 percent expected in the beginning of the year. This level of economic growth looks quite good when viewed in the context of other Asian economies (many of which are negative). While semiconductor exports have fallen significantly, auto exports have risen dramatically, allowing for continued low employment levels of just over 3 percent. It is worthy of note, however, that with the Korean economy about 70 percent dependent (directly and indirectly) on exports, the situation of the global economy in 2002 will obviously have a great impact locally.

Against this economic background, the value of U.S. agricultural product imports by Korea were up 2.6 percent to \$2.5 billion for the first nine months of 2001, with gains in both bulk and intermediate product areas offset by declines in consumer oriented products and forest products. On the bulk side, U.S. corn imports were up 55 percent during the period, as U.S. prices became more competitive with those of competitors (China), and "Starlink" related problems dissipated. For intermediate products, imports of hides and skins, soybean meal, and hay were up significantly.

Consumer ready product imports fell during the first 9 months of 2001 for the first time in many years. Imports of U.S. beef were down 43 percent in the period, due to a large carry-in inventory, and reduction in consumer demand for beef due to a "scare" effect from the BSE and FMD problems in Europe in the first half of the year. A range of other consumer ready products are showing big gains for the year, including fresh fruits, wines, food preparations, and nuts.

Overall, the business environment in Korea is currently good, and consumer confidence remains relatively strong. The fourth quarter is generally good for U.S. agricultural exports to Korea, and it is likely Korean imports of U.S. agricultural products in 2001 will surpass the nearly \$3.3 billion imported in the Year 2000.

### B. Coming Events

**1. USA Food Showcase - March 18 and 19, 2002** - Preparations are well underway, but space still remains, for this popular ATO sponsored trade only event in Seoul. This year we will join with Canada, Australia, and New Zealand to host a multi-country showcase sure to draw the top importers, distributors, and HRI trade in Korea. Best of all, at only \$700 for a booth, it is perfect for small to medium sized U.S. companies looking to enter the Korean market. MIATCO is also offering their Foodshow Plus! services at this showcase event. Fully sponsored by ATO Seoul.

**2. Food Korea 2001** - ATO Seoul will participate in this food and equipment show sponsored

by the Korean Ministry of Agriculture November 16 through 20. The ATO booth will host importers of U.S. consumer ready food products, and display USDA food safety information.

**3. Traveling Trade Show** - ATO Seoul will continue its traveling agent show program, with a stop in Pusan on November 27. About 20 Korean importers of U.S. foods are expected to display their products to about 250 distributors, retailers, and hotel and restaurant managers in Korea's second largest city at this ATO sponsored trade only showcase. The purpose of the event is to support importers in their efforts to increase market share in regions outside of the capital city of Seoul. This is the second annual Traveling Trade Show in Pusan, back by popular demand.

**4. Caterers Educational Seminar** - ATO Seoul will sponsor the first ever "Costing and Efficiency" seminar for institutional caterers in conjunction with WUSATA in mid-December. The purpose of this activity is to assist U.S. exporters to capture more of this lucrative market, by educating caterers about cost savings associated with U.S. portion controlled offerings. To learn more about this market segment, see the "Institutional Feeding" Market Brief on our website.

**5. Organic Product Seminar** - The ATO is working toward organizing a seminar to educate importers and organic food producers and retailers about the U.S. organic foods industry. We plan on leading a mission of Korean organic industry representatives to the "All Things Organic" trade show in Austin Texas in May. This will serve as an organizational and kickoff event for that activity.

### C. Hot Topics and Past Events

**1. Biotech Labeling** - The Korean Food and Drug Administration began requiring labeling for certain foods containing products of biotechnology in July. To avoid labeling a package containing corn and soybean products as "containing recombinant DNA", an importer must provide specific documentation to KFDA. This has caused difficulties for both Korean importers and U.S. exporters, and FAS Seoul is working to help resolve the problems - but the regulations remain.

**2. Alaska Seafood Festivals** - In partnership with the State of Alaska, the ATO participated in menu promotions at the Plaza Hotel, Seoul Westin Hotel, and the Lotte Pusan Hotel to introduce high quality Alaskan Seafood at five star restaurants. The success of this program has grown over the past several years, and activities next year are slated to include department stores.

**3. Seoul International Bakery Exhibition** - ATO Seoul participated in this headline bakery industry event in Korea, held October 19 - 22. About a dozen U.S. companies were in attendance, directly or through local representatives. The ATO hosted a booth for local representatives of U.S. products. The import market for bakery ingredients is growing along with the rapidly expanding, but highly competitive, Korean baking industry.

**4. Market Briefs/Reports** - ATO Seoul has recently released briefs on the markets for Thoroughbred Horses, Ice Cream, and Pet Foods in Korea. Please check our website

(ATOSeoul.com) for more information.