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Report Highlights:

Korea was the 5th largest country importer of U.S. agricultural and related products in 2022. The United States is the leading supplier of imported consumer-oriented agricultural products for Korean retail industry, shipping $5.9 billion in 2022. The outlook for U.S. products in the Korean retail industry is excellent for a wide range of products, including beef, food preparations under HS2106, pork, dairy products, wine, high-volume alcohols, chocolate & food preparations under HS1806, nuts, frozen vegetables, and citrus.

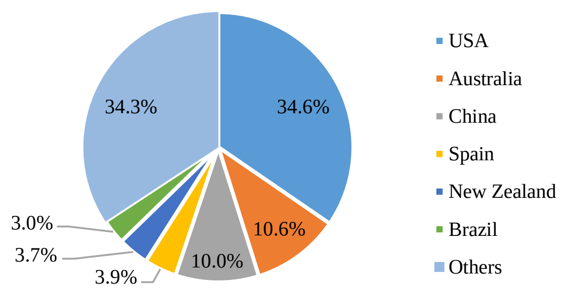
Market Fact Sheet: Korea- Republic of

Executive Summary

South Korea has the 10th largest economy in the world with a GDP of $1.8 trillion and a per capita GNI of $35,090 in 2022. It is about the size of Indiana and has a population of 51.6 million. Over 80 percent of Koreans live in urban areas. Domestic production meets only 46 percent of food demand. The United States exported $10.1 billion in agricultural and related products to Korea in 2022, making it our fifth largest country export market. The U.S. supplies a quarter of Korea's agricultural imports.

Imports of Consumer-Oriented Products

Korea imported $19.3 billion in consumer-oriented products in 2022, accounting for 38.4 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 31,300 food processing companies as of 2021, generating $63.3 billion in sales. Korean food processing companies rely heavily on imported commodities and ingredients. Imports of basic and intermediate agricultural products totaled $20.9 billion in 2022. Seventeen percent ($3.6 billion) of these imports came from the United States.

Food Retail Industry

Korean retail food sales totaled $131 billion in 2022, accounting for 27 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 store food sales 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 2022

Imports of Ag. Products from the World

- Basic Products	US$8.8 billion
- Intermediate Products	US$12.2 billion
- Consumer-Oriented Products	US$19.3 billion
- Forest Products	US$3.5 billion
- Seafood Products	US$6.5 billion
- Total	US$50.2 billion

Top 10 Consumer-Oriented Ag. Imports from the World

1) Beef $4.2B	6) Preserved Fruits, Nuts $453M
2) Food Preparations $2.3B	7) Poultry Meat $452M
3) Pork $2.0B	8) Bakeries $419M
4) Alcoholic Bev. $935M	9) Preserved Vegetables $389M
5) Cheese and Curd $800M	10) Chocolates $363M

Top 10 Growth Consumer-Oriented Ag. Imports

Vegetables under HS0703, Alcoholic Bev., lamb, butter, mineral waters, beef, processed fruits & nuts, coffee

Food Industry by Channels

- Retail Food Industry	US$130.9 billion (2022)
- HRI Foodservice Industry	US$131.7 billion (2021)
- Food Processing Industry	US$69.1 billion (2021)
- Food & Agricultural Exports	US$11.2 billion (2022)

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, CJ O Shopping, GS Home Shopping, SK Planet, Ebay Korea, Coupang

GDP/Population (2022)

Population: 51.6 million
GDP: US$ 1.8 trillion
GDP per capita: US$ 35,090

Strengths/Weaknesses/Opportunities/Challenges

Strengths	*Weaknesses*
- Well established market with modern distribution channels - Consumer income level continues to increase	- High logistics cost to ship American products - Consumers have limited understanding of new American products
Opportunities	***Challenges***
- Strong consumer demand for value, quality, and diversity - KORUS FTA reduces tariff barriers for American products.	- Elevated competition from export-oriented competitors - 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 Seoul (atoseoul@fas.usda.gov)

SECTION I. MARKET SUMMARY

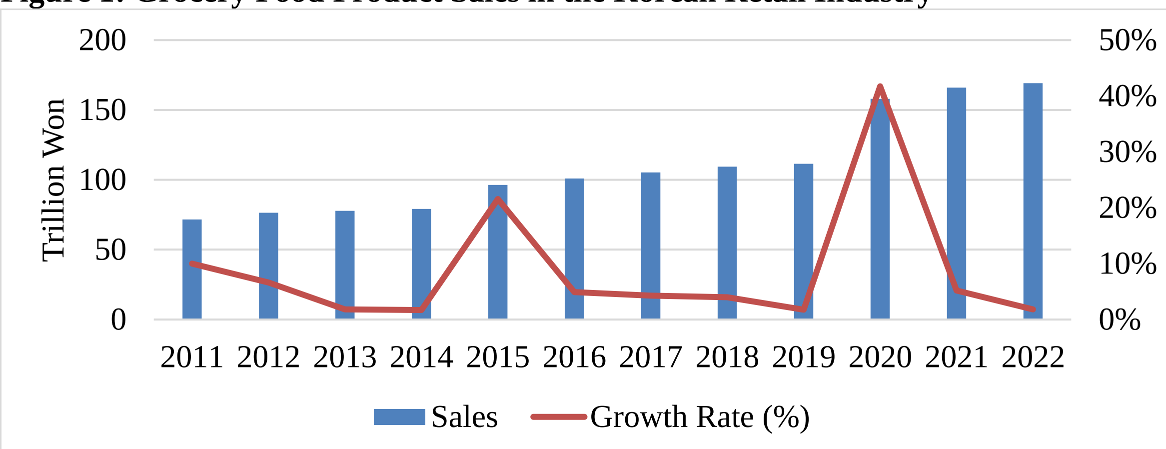
Driven by the development of Korea's economy and evolving consumer preferences, the South Korean retail industry has showed steady growths over the last thirty years.[1] Growing consumer demand for quality, value and diversity have resulted in fast growth of modernized large-scale brick-and-mortar retailers, including hypermarkets, supermarkets, convenience stores, and on-line retailers at the cost of traditional street markets and small independent grocers.

Over the course of the pandemic, Korean families' grocery shopping expanded as they had more meals at home. According to the government surveys, in the first year of COVID-19, per capita Korean family grocery purchases grew 15 percent from 2019, reaching 159,000 won ($134) per month while per capita Korean family's dining out declined 7 percent to 129,000 won ($109) per month. In 2021, grocery purchases grew another 6 percent from 2020 (Figure 1).

In 2022, spending on groceries remained flat and growth of spending on other home related items slowed as Covid-related concerns and restrictions eased and people resumed social gatherings. In contrast, spending on dining out recovered significantly, surpassing the 2019 level.

Partly due to the ongoing inflation, total sales value of grocery food in retail channels kept growing in 2022 and reached a record 169 trillion won ($131 billion), up 1.8 percent from 2021.

Figure 1: Grocery Food Product Sales in the Korean Retail Industry[2]



Source: Retail Industry Statistics, Korea National Statistics Office (NSO, http://kosis.kr).

This year, like many other countries in Asia-Pacific region, Korea is undergoing a cost-of-living crisis due to soaring energy prices and rising inflation. The Korean Consumer Price Index (CPI) for May 2023 already increased 0.3 percent from the month before and 3.3 percent from the same month last year[3]. The Food Price Index saw even bigger increase of 3.9 percent compared to that of May 2022.

An important trend to note is that Korean households are getting smaller. With fewer Koreans getting married and having kids, the country has the lowest birthrate in the world, reaching a new low of 0.78 in 2022. The total population of Korea was 51.4 million and the average number of family members per household was only 2.33. With smaller households, all the "adult" family members maybe working outside, and people have less time to cook at home. Convenience becomes the key and markets for meal kits, meals ready-to-eat, and small-portion packaged food will grow steadily.

[1] Korean government deregulations in the early 1990's allowed the entry of large-scale businesses into the retail industry.
[2] NSO adopted new survey data in 2015 and 2020 resulting from the National Economy Census, so the sharp growths in 2015 and 2020 should be interpreted with a caution.
[3] Korea Statistics Service Press Release on June 2, 2023 (kosis.kr) and index.or.kr

In the same vein, as the population ages, health becomes a higher priority and Korean consumers started to pay more attention to health and wellness products.

During, and even before, the pandemic, most retailers in Korea went through reorganization and shifts in their physical stores and online channels based on the consumers' buying pattern overlapping multiple channels. As consumers shop for their groceries online more frequently, retail businesses in the food sector expect to invest in offering and promoting new products in the online channels. This should generate new opportunities for U.S. suppliers working with online retail buyers in Korea.

Korean imports of consumer-oriented agricultural products reached a record $19.3 billion in 2022, accounting for 38 percent of all Korean agricultural imports. Most imported consumer-oriented agricultural products are selling through the grocery retail sector. About 35 percent of the total consumer-oriented agricultural imports came from the United States ($5.9 billion).

Korean consumers, in general recognize the United States as a trusted origin for quality food. The Korea-United States Free Trade Agreement (KORUS FTA) reduced tariffs and market access barriers for U.S. products. The outlook for U.S. products in the Korean retail industry is excellent for a wide range of products, including beef, pork, dairy products, frozen vegetable, juices and soft drinks, alcoholic beverages, condiments and sauces, protein-based products, coffee, snacks, and chocolate confectioneries.

Table 1: Advantages and Challenges in the Korean Retail Industry

Advantages	Challenges
Korea is a fast-paced market where innovative ideas and latest trends are eagerly tried and accepted. Rising incomes are creating demand for diverse and high-quality food.	Korean consumers are favorable 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 and consumption trends.	Imports are subject to strict food safety regulations. Korean food safety standards change frequently and with short notice.
Modern large-scale retailers provide a more efficient marketing environment for imported products.	The supply chain for imported products includes multiple layers of intermediary distributors and agents, which adds cost and inefficiency.
Korean consumers are very much concerned about food safety. Consumers recognize the United States as a trusted origin for quality agricultural products.	U.S. products face strong competitions from other exporting countries. The recent economic slowdown has made consumers more price sensitive, favoring low priced competitors.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Korean retailers rely heavily on independent importers or intermediary distributors (trade agents or wholesalers) for imported food products. While leading retail companies are trying to expand direct imports from foreign suppliers to lower costs, they are focused on a limited number of high-volume products such as fresh fruit, beef, and seafood. Foreign suppliers often find it easier to work with intermediary import distributors in Korea to have their products marketed to multiple retailers instead of selling directly to one retailer exclusively.

For more information on establishing business partners in Korea, please refer to the Exporter Guide report published by Post.

For assistance in reaching out to Korean import distributors and retail buyers, please contact [the United States Agricultural Trade Office (ATO) Seoul](). ATO Seoul offers various marketing tools and trade facilitation help to U.S. suppliers and also offers information about the Korea market on its website (www.atoseoul.com), including:

- Annual reports and periodic briefs on key products and industries
- Korean agricultural import data by 4-digit HS product classification (monthly spreadsheets)
- Local media food news clippings and contact information for industry organizations

Suppliers should also make sure that their products meet Korean food regulations and standards. For assistance in identifying or resolving regulatory issues, please contact the Office of Agricultural Affairs (OAA) Seoul (contact information is shown at the end of this report again).

Market Structure

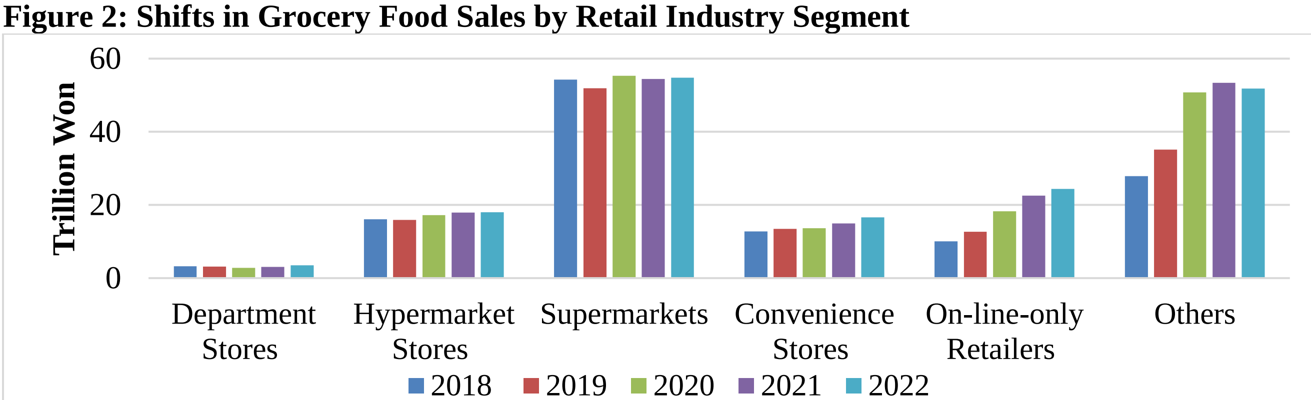
Grocery food products accounted for 27 percent of overall Korean retail industry sales (including automobiles) in 2022, the highest level in years. Grocery supermarkets were the leading retail channel for groceries in the industry, generating 54.8 trillion won in food sales in 2022, followed by on-line-only retailers (24.4 trillion won), hypermarkets (18.0 trillion won), and convenience stores (16.6 trillion won).

Table 2: Sales of Grocery Food by Retail Industry Segment (2022)

Segment	Total Sales	Share of Food Products in Total Sales (Estimate)[4]	Food Sales (Estimate)
Grocery Supermarkets	64.7 trillion won	84.7%	54.8 trillion won
On-line-only Retailers[5]	162.3 trillion won	15.0%	24.4 trillion won
Hypermarkets	34.8 trillion won	51.7%	18.0 trillion won
Convenience Stores	31.2 trillion won	53.2%	16.6 trillion won
Department Stores	37.8 trillion won	9.3%	3.5 trillion won
Others[6]	294.8 trillion won	17.6%	51.8 trillion won
Total	625.6 trillion won		169.1 trillion won

Source: Korea National Statistics Office (NSO, http://kosis.kr) – 'Retail Industry Statistics', 'Service Industry Statistics', 'On-line Retail Industry Statistics'

Figure 2: Shifts in Grocery Food Sales by Retail Industry Segment



Source: Korea National Statistics Office (NSO, http://kosis.kr) – 'Retail Industry Statistics', 'Service Industry Statistics', 'On-line Retail Industry Statistics'

[4] Food share estimates are based on IR reports of some of the leading companies. The figure for on-line-only retailers is from NSO's On-line Retail Industry Statistics.
[5] Conventional retailers that also operate on-line shopping tools are not included.
[6] Include duty free shops, automobile sellers, gas stations, other specialty stores, TV shopping, delivery stores, and on/off-line omnichannel retailers.

Despite the ever-increasing consumer food prices, supermarkets and hypermarkets saw less than 1 percent increase in grocery food sales, partly because they lost consumers to online shopping channels and convenience stores. Consumers shopped for groceries from those channels less frequently and spent less as their occasions to dine out rebounded in 2022 and as their concern of a forthcoming economic recession elevated.

While the pandemic and prolonged social distancing mandates discouraged consumers' visits to large scale offline retailers to shop their bread and milk, food sales of convenience stores in the neighborhood increased. Convenience stores saw the most annual growth (13 percent) in its grocery food sales in 2022. On-line-only retailers also enjoyed an 8.4 percent increase in their food sales as consumers used more on-line shopping tools during the pandemic and got more accustomed to the non-contact food shopping culture.

Department stores saw a sharp decline in grocery food sales in the first year of pandemic due to reduced consumer traffic and more competition from on-line retailers. However, food sales incurred in department stores for the years 2021 and 2022 went up by 11 percent and 13 percent each as consumers started to come back to department stores to meet their pent-up demand for ethnic culture and luxury food experience.

Company Profiles and Top Retailers

Table 3: Top Korean Retailers (2022)

Segment	Company / Brand	Store #	Website
Grocery Supermarkets	Nongchukhyup / Hanaro Mart	2,044	nhhanaro.co.kr
	Lotte Shopping Co. / Lotte Super	365	lottesuper.co.kr
	GS Retail Co. / GS The Fresh	378	gssuper.com
	Homeplus Co. / Home Plus Express	330	homeplus.co.kr
	EMART, Inc. / EMART Everyday, No Brand	517	emart.com
Hypermarkets	EMART, Inc. / EMART, Traders	155	emart.com
	Homeplus Co. / HomePlus	135	homeplus.co.kr
	Lotte Shopping Co. / Lotte Mart	106	lottemart.co.kr
	COSTCO Wholesale / COSTCO	16	costco.co.kr
Convenience Stores	BGF Korea Co. / CU	16,787	bgfcu.com
	GS Retail Co. / GS25	16,448	gs25.gsretail.com
	Korea Seven Co. / Seven Eleven	13,000	7-eleven.co.kr
	EMART, Inc. / EMART24	6,365	emart24.co.kr
On-line-only Retailers	Coupang Co.	NA	coupang.com
	SK Planet Co.		11st.com
	Naver Co.		naver.com
	Kakao Co.		store.kakao.com
	Ebay Korea, Inc.		gmarket.co.kr , auction.co.kr
	Kurly Corp.		kurly.com
Department Stores	Lotte Shopping Co. / Lotte Dept. Store	32	lotteshopping.com
	Shinsegae Co. Shinsegae Dept. Store	13	shinsegae.com
	E Land Retail Co. / NC Dept. Store	17	elandretail.com
	Hyundai Dept. Co. / Hyundai Dept. Store	16	ehyundai.com
TV Home Shopping	CJ O Shopping Co.	NA	cjmall.com
	GS Home Shopping Co.		gseshop.co.kr
	Hyundai Home Shopping Network Corp.		hmall.com
	Lotte Home Shopping Co.		lotteimall.com
	NS Shopping Co.		nseshop.com
Organic Grocery Stores	Chorocmaeul	370	choroc.com
	ORGA Whole Foods	62	orga.co.kr
Health & Beauty Stores	CJ Olive Networks Co. / Olive Young	1,328	oliveyoung.co.kr
	Lotte Shopping Co. / LOHBs +	12	lohbs.co.kr

Source: Company IR reports, company internet homepages, media news articles.

SECTION III. COMPETITION

ATO Seoul's website provides up-to-date information about Korea's food and agricultural imports:

- Korea's Agricultural Import Statistics: monthly updates on Korean agricultural imports (four-digit HS product code level). Both U.S. export data (FOB value) and Korean import data (CIF value) are provided.
- Korea's Agricultural Import Trends Presentation: quarterly summary of competition between the U.S. and competitors in key products.

The following table shows top 15 consumer ready food products Korea imported from the world and leading suppliers last year. While they are not listed in the table, the U.S. prepared vegetables and citrus were sold in high values in Korea with 59 percent and 82 percent of market share respectively. The table of top 25 commodities is available here.

Table 4: Top 15 Korean Imports of Consumer-Oriented Products and Competition

Product Category/HS Code	Gross Imports 2022 ($ million)	1st Supplier (Market Share)	2nd Supplier (Market Share)	U.S. Ranking
Beef, Frozen/HS0202	2,866	U.S. (57%)	Australia (31%)	1 (57%)
Food Preparations NESOI[7]/HS2106	2,350	U.S. (51%)	Germany (12%)	1 (51%)
Pork, Fresh, Chilled or Frozen/HS0203	2,034	Spain (26%)	U.S. (25%)	2 (25%)
Beef, Fresh or Chilled/HS0201	1,372	U.S. (65%)	Australia (34%)	1 (65%)
Coffee/HS0901	1,305	Brazil (18%)	Colombia (15%)	3 (12%)
Cheese and Curd/HS0406	793	U.S. (43%)	N.Z. (15%)	1 (43%)
Wine/HS2204	581	France (35%)	U.S. (18%)	2 (18%)
Other Preserved Fruits & Nuts/HS2008	454	China (28%)	Vietnam (20%)	3 (17%)
Poultry Meat & Offals/HS0207	453	Brazil (86%)	Thailand (10%)	3 (2%)
Bread, Pastry, Cakes/HS1905	419	Malaysia (17%)	China (16%)	3 (15%)
Alcohols greater than 80%/HS2207	419	U.S. (62%)	Brazil (32%)	1 (62%)
Other Vegetables, Not Frozen/HS2005	389	China (77%)	Thailand (9%)	3 (5%)
Chocolate & Food Preparations/HS1806	363	U.S. (24%)	Belgium (10%)	1 (24%)
Spirits, Liqueurs, Alcohol less than 80%/HS2208	354	U.K. (66%)	U.S. (8%)	2 (8%)
Vegetables, Frozen/HS0710	312	China (89%)	Vietnam (5%)	3 (2%)

Source: Korean government import data (KOTIS) released by Korea Int'l Trade Association (www.kita.net). CIF value.

SECTION IV. BEST PRODUCT PROSPECTS

Korea imported $10.1 billion of U.S. food and agricultural products in 2022 and the following Table 5 shows top 15 U.S. consumer-ready food products imported for the last 4 years. In 2021, Korea surpassed Japan as the number 1 beef export destination and remained on top in 2022. Pork, dairy products, coffee, prepared vegetables including French fries, and wine enjoyed growing market last year. The table of top 100 U.S. food commodities exported to Korea for recent 5 years is available here.

[7] NESOI: Not Elsewhere Specified or Included

Table 5: Top 15 U.S. Consumer Ready Food Commodities Exported to Korea by Value ($1,000)

Rank	4 Digit HS Code	Product Description	CY 2019	CY 2020	CY 2021	CY 2022	Growth '22/ '21
1	0202	Meat Bovine Frozen	1,222,266	989,776	1,309,288	**1,686,318**	**28.8%**
2	0201	Meat Bovine Fr/Ch	546,800	663,802	1,011,908	**956,385**	**-5.5%**
3	0203	Meat Of Swine	528,972	402,728	508,214	**562,293**	**10.6%**
4	2106	Food Preps, NESOI	558,613	540,679	585,090	**507,272**	**-13.3%**
5	0406	Cheese And Curd	239,081	269,364	282,825	**368,324**	**30.2%**
6	0802	Nuts Except Coconut, Brazil & Cashew Nuts	273,899	277,756	319,468	**243,147**	**-23.9%**
7	0805	Citrus Fruit, Fresh	219,627	221,809	242,843	**200,545**	**-17.4%**
8	0901	Coffee, Coffee Husks	82,150	85,024	91,935	**136,331**	**48.3%**
9	2004	Vegetables Prepared	107,042	108,547	102,816	**123,062**	**19.7%**
10	2204	Grape Wines	21,313	41,268	72,206	**83,723**	**16.0%**
11	2008	Fruit, Nut, Prepared	46,170	49,910	65,023	**64,964**	**-0.1%**
12	1806	Chocolate	71,294	63,743	67,612	**60,528**	**-10.5%**
13	0809	Stone Fruit, Fresh	102,001	124,485	109,149	**58,889**	**-46.0%**
14	1905	Baked Bread, Pastry	47,370	45,428	43,616	**49,737**	**14.0%**
15	2103	Sauce, Mustard, etc.	30,818	30,868	35,367	**37,046**	**4.7%**

Source: FAS/USDA/GATS/BICO – Standard Query, Compiled by ATO Seoul. FOB value.

Alcohol consumption patterns changed as Koreans went out less to bars and drank more at home during the pandemic. Wine became the drink of choice for home drinking, leading to a surge in sales. Korea's wine imports increased 70 percent in 2021 & another 4 percent in 2022. Distilled spirits also became popular as home-bar culture boomed during the pandemic and as highball cocktails are in high fashion. Korea's import of distilled spirits increased 48 percent in 2022 marking a record high since 2008.

Table 6: Fastest Growing Korean Imports of Consumer-Oriented Products[8]

Product Category/HS Code	Gross Imports 2022 ($ thousand)	Growth from 2021	Imports from U.S. ($ thousand)	U.S. Growth
Onions, Shallots, Garlic, Leeks, etc./HS0703	60,590	75%	0	n/a
Potatoes/HS0701	30,932	74%	18,263	123%
Poultry Meats/HS0207	452,865	66%	8,079	172%
Spirits, Liqueurs, Alcohol less than 80%/HS2208	**354,173**	**48%**	**27,888**	**106%**
Soups & Broths/HS2104	21,541	47%	4,512	40%
Lamb, Mutton, Goat, Fresh, Chilled or Frozen/HS0204	272,651	45%	0	n/a
Coffee/HS0901	**1,304,872**	**42%**	**159,228**	**42%**
Butter/HS0405	**202,202**	**40%**	**32,356**	**157%**
Mineral Water/HS2201	75,463	36%	196	85%
Other Vegetables, Prepared/ Frozen/HS2004	**239,155**	**35%**	**140,614**	**19%**
Alcohols Greater Than 80%/HS2207	**419,110**	**35%**	**261,117**	**40%**
Frozen Beef/HS0202	**2,866,496**	**34%**	**1,642,385**	**43%**
Fruits & Nuts, Processed/HS0811	163,322	25%	33,827	7%
Vegetables, Preserved/HS0711	25,046	24%	0	n/a
Other Prepared, Preserved Meat, etc./HS1602	244 ,356	23%	26,200	-15%

Source: Korean government import data (KOTIS) released by Korea Int'l Trade Association (www.kita.net). CIF value.

[8] Listing is limited to top 15 growth products that Korean imports were $10 million or larger.

SECTION V. 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 6951-6848 Fax: +82-2 720-7921
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E-mail: agseoul@state.gov Internet homepage: https://kr.usembassy.gov/agricultural-affairs/

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Telephone: +82-2 725-5495 Fax: +82-2 725-5496
E-mail: Yunhee.Kim@usda.gov Internet Homepage: www.aphis.usda.gov

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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)
Ministry of Environment (MOE)

Attachments:

No Attachments