

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

Date: 12/22/2016

GAIN Report Number: KS1650

Korea - Republic of

Post: Seoul ATO

Beer Market Report

Report Categories:

Product Brief

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Report Highlights:

The imported beer market in South Korea continues to show robust growth due to strong consumer demand for products of diversified taste and higher quality. Korea's beer imports totaled about \$152 million in 2016 through October, up nearly 29 percent from the same period in 2015. Imports from the United States amounted to \$8 million during the period, up 2.4 percent. While American beer faces elevated competition against export-oriented competitors, emerging demand for premium quality craft beer among the opinion-leading beer consumer groups, coupled with further reductions of the import duty under the United States – Korea Free Trade Agreement, should generate new export opportunities for American beer sales to Korea in the coming years.

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SECTION I: MARKET OVERVIEW

- South Korea's (herein after referred to Korea) beer imports totaled \$151.7 million in 2016 through October, up 28.5 percent from the same period in 2015. In terms of volume, imports totaled 183 million kilograms, up 28.9 percent. Korea's yearly beer imports in 2016 are forecast to reach a record high \$182.3 million and 220.3 million kilograms (CIF value inclusive of freight and insurance).
- Korea's beer imports from the United States amounted to \$8 million in 2016 through October, up 2.4 percent from the same period in 2015. The United States was the seventh largest supplier of imported beer to Korea following Japan, China, Germany, Ireland, Netherlands, and Belgium. Imports from the United States in terms of volume totaled 9.2 million kilograms, up 0.9 percent.
- Despite the downturn of the Korean economy, Korea's beer imports have continued a robust growth in recent years due to increased consumer demand for products of diversified taste and higher quality.
- However, the United States has been lagging behind major competitors in the imported beer market in Korea. As a result, the market share held by American beer in the imported beer market in Korea has continued a decline down to 5.3 percent in value (or 5.0 percent in volume) in 2016. Major competitors rely more on export markets and deploy an aggressive pricing and consumer promotion strategy targeting Korea. Furthermore, the on-going trend of a strong U.S. dollar further weakens the value proposition of American beer in the Korean market.
- The overall beer market in Korea has been dominated by domestic breweries as indicated by the fact that locally brewed beer accounted for a 89.4 percent of the beer market sales in value (or a 94.5 percent in volume) in 2014. The domestic beer industry has been driven by a small number of large-scale breweries over the years because of the entry barrier of high minimum production volume designated by the Korean government. The environment of limited market competition has led the leading domestic breweries to maintain a conservative product portfolio over the years that was focused on a limited assortment of low price, low quality products.
- The overall beer market sales in Korea totaled W4.8 trillion won (roughly \$4.4 billion) and 2.2 billion liters in 2014. Beer remained the most consumed alcohol beverage in Korea by accounting for a 45.1 percent of all alcohol beverage sales in the market in value (or a 58.8 percent in volume). Beer sales in Korea saw a solid growth in recent years due to: increased demand for value consumption under the downturn of the local economy; strong consumer health concerns that favors products with less alcohol content; increased demand for products of diversified taste and quality; and increased alcohol beverage consumption among the female population.
- The Korean government has been pressured to introduce reforms in its alcohol beverage industry regulations to promote development of small-scale ("micro") breweries to meet the increased market demand for diversity and quality. In particular, the reform introduced in January 2015 laid out a key milestone in the local microbrew industry as it allowed small-scale breweries to distribute their products outside the premise through non-affiliated restaurants and pubs. As a result, the microbrew industry in Korea has seen openings of many new breweries throughout

the country over the last couple of years. Growth of the local microbrew industry should help reduce the influence of the large-scale breweries in the market while cultivating the local consumer taste for premium quality imported beer. However, the local microbreweries currently accounts for less than one percent of the overall beer market sales in Korea and their penetration is very limited to key metropolitan areas that target the opinion-leading beer consumer groups, young professionals and affluent seniors.

- Despite the challenging market environment, Korea offers an excellent export opportunity for American beer sales. In particular, emerging demand for premium quality beer among the opinion-leading beer consumer groups should expand the exports of American craft beer to Korea in the coming years. Additionally, reduction of the import duty on American beer under the United States – Korea Free Trade Agreement (KORUS FTA) should help strengthen the value proposition of American beer to the Korean consumers. American beer is scheduled to enter Korea duty free on January 1, 2018.

SECTION II: MARKET SECTOR OPPORTUNITIES AND THREATS

Table 1: Opportunities & Challenges in the Korean Beer Market

Opportunities	Challenges
Korea’s beer imports continue a robust growth as the Korean beer consumers maintain a strong demand for products of better quality and diversified taste.	The beer market in Korea has been driven by large-scale local breweries over the years that offer a strong portfolio of value-oriented products. The local breweries maintain well-established distribution channels coupled with efficient promotions catered to the distributors as well as the consumers. Despite the rapid growth of imported beer, domestic beer still accounts for a dominant share of the overall beer sales in Korea.
There is an emerging demand for premium quality beer among young professionals and affluent seniors. Many of the opinion-leading beer consumers in Korea are well-traveled and recognize the United States as a leading origin of premium quality beer in the world.	Major competitors have outpaced the United States in the imported beer market in Korea. The competitors are export-oriented and deploy aggressive promotions in Korea. In addition, the trend of a strong U.S. dollar in recent years has weakened the value proposition of American beer in Korea.
Beer remains the most consumed alcohol beverage in Korea. Beer consumption has continued a solid grow in recent years due to: increased demand for value under the downturn of the local economy; strong consumer health concerns; increased demand for products of diversified taste and quality; and increased alcohol beverage consumption among the female population.	The general beer consumers in Korea lack an understanding of and experience with American craft beer. The high retail price of imported craft beer is a major barrier that restricts further expansion of consumption. Furthermore, there is no product definition or identity established in Korea that would guide local beer consumers to differentiate American craft beer from the rest of the imported beer.

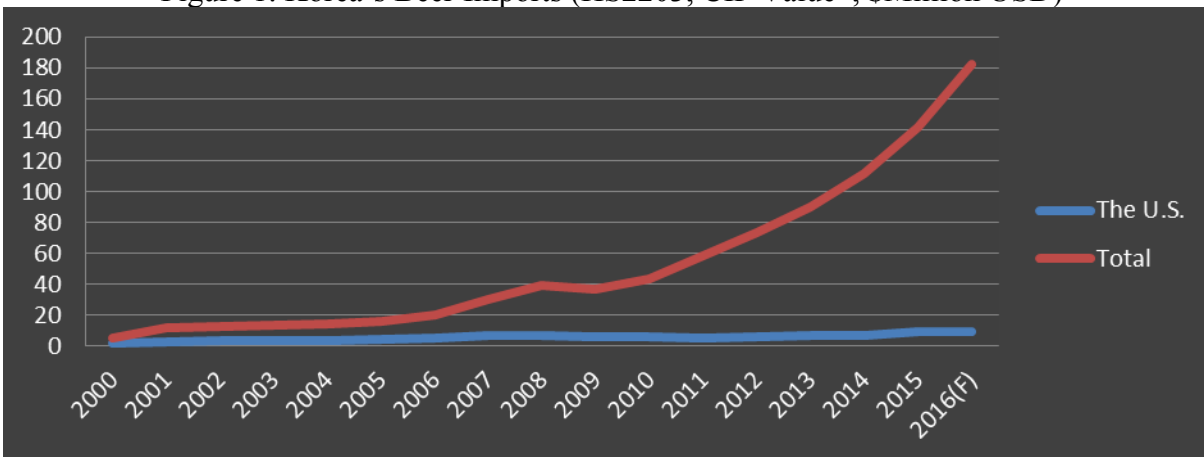
Reduction of the import duty on American beer under the KORUS FTA should help strengthen the value proposition of American beer in Korea.

American craft breweries in general have limited resources to divert their attention to the export markets. As a result, Korean buyer's solid interest to bring new American craft beer into Korea often finds a weak response.

1. KOREA'S BEER IMPORTS & COMPETITION

- Korea's beer imports have more than doubled over the last five years. The imports in 2016 are forecast to reach \$182.3 million, up 28.5 percent from 2015, based on the import trend monitored through October. In terms of volume, the imports are forecast to total 220.3 million kilograms, up 28.9 percent. Considering the strong consumer demand for products of diversified taste and higher quality, Korea is likely to generate double digit growth for beer imports in the coming years.

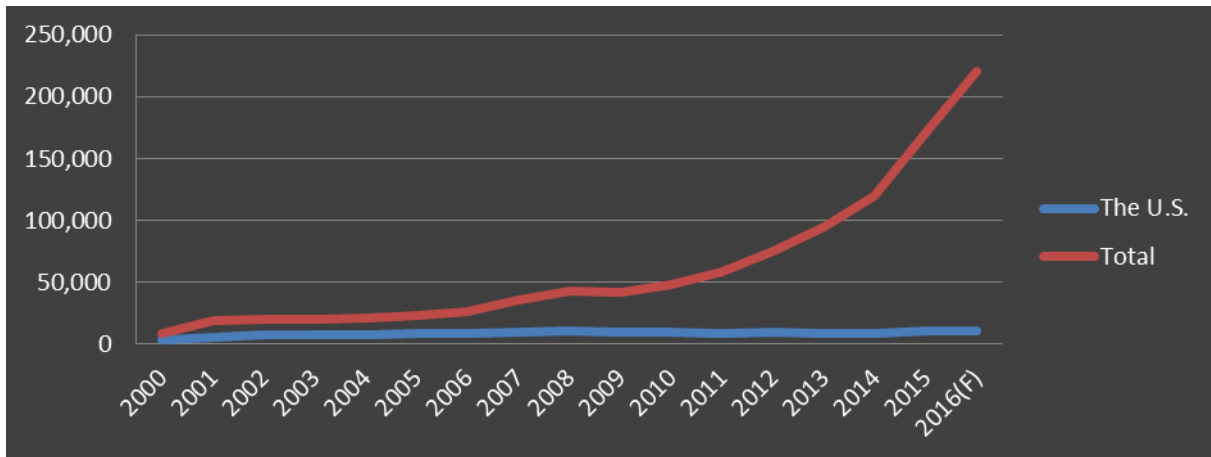
Figure 1: Korea's Beer Imports (HS2203, CIF Value*, \$Million USD)



Source: Korea Trade Information Service (KOTIS) Database, www.kita.net

*Note: CIF value is inclusive of freight and insurance

Figure 2: Korea's Beer Imports (HS2203, Volume, 1,000 kilograms)



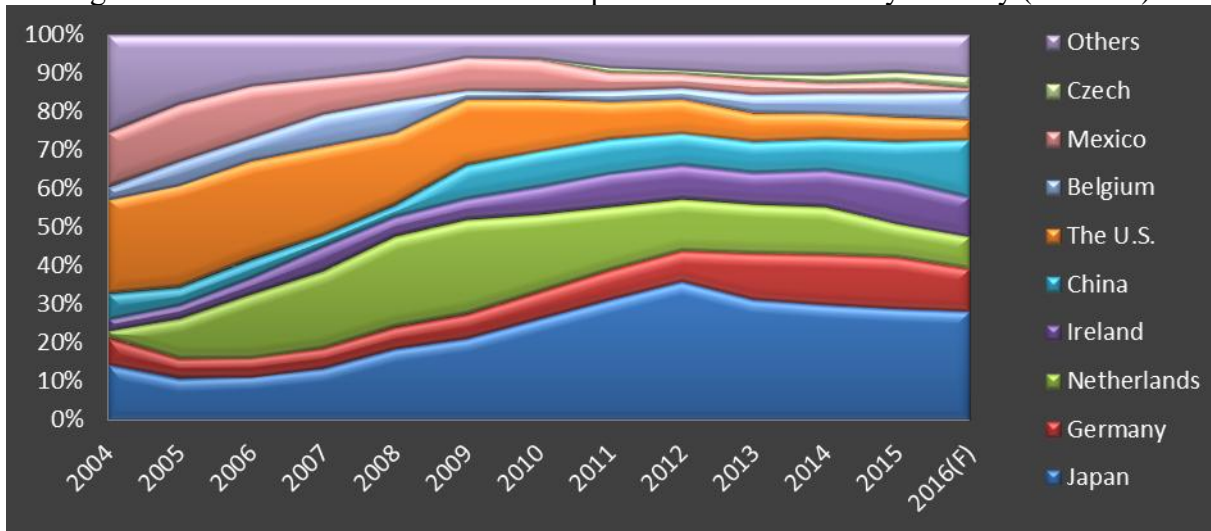
Source: Korea Trade Information Service (KOTIS) Database, www.kita.net

- Japan remained the leading supplier of imported beer to Korea by shipping \$42.8 million in 2016 through October, up 24.2 percent from the same period in 2015. Many of leading Japanese breweries have developed direct business partnerships with leading Korean breweries for efficient penetration into the Korean market. Marketers also point out that Korean consumers' developed taste for lager style beer (as Korean breweries have mainly marketed lager style beer over the years) is another key reason for Japanese beer's early success in Korea (Japanese breweries' main focus has also been lager style beer). Japan is about the only major trading partner of Korea that has yet to establish a free trade agreement with Korea. As a result, Japanese beer is still disadvantaged by the 30 percent import duty upon entry into Korea. Nevertheless, Japan's logistic advantage for shipping to Korea as well as Japanese breweries' aggressive pricing and consumer promotion strategy in Korea has enabled Japan to establish the leading market share in Korea's imported beer market, particularly in the leading distribution channels for imported beer, hypermarket grocery stores and franchise beer pub restaurants.
- China has rapidly emerged as a leading exporter of beer to Korea partly due to a rapid increase of Chinese tourists traveling to Korea (about 8 million as of 2016) as well as non-immigrant Chinese people living in Korea under working visa (about 1 million as of 2016). In addition, some of leading Japanese breweries have established breweries in China and currently bring their Japanese branded products from the Chinese breweries into Korea for lower cost. The 30 percent import tariff on Chinese beer is scheduled to phase out over a 20 year period under the China-South Korea Free Trade Agreement implemented in December 2015. China stepped up to the second largest exporter of beer to Korea by shipping \$22.7 million in 2016 through October, up 93.6 percent from the same period in 2015.
- Many Korean consumers harbor the idea that Europe is the leading source for quality beer around the world. As a result, many European countries, including Germany, Netherlands, Ireland and Belgium, have established strong market share in Korea's imported beer market. Korea's beer imports from key European suppliers in 2016 through October amounted to \$22.7 million for Germany (up 6.1 percent from the same period in 2015); \$15.5 million for Ireland (up 20.6 percent); \$12.6 million for Netherlands (up 21.7 percent); and \$10.8 million for Belgium (up 51.5 percent). The 30 percent import duty on beer from European Union (EU)

countries is scheduled to phase out over an 8 year period under the Korea-EU Free Trade Agreement (implemented on July 1, 2011). Consequently, EU beer shall enter Korea duty-free on July 1, 2018.

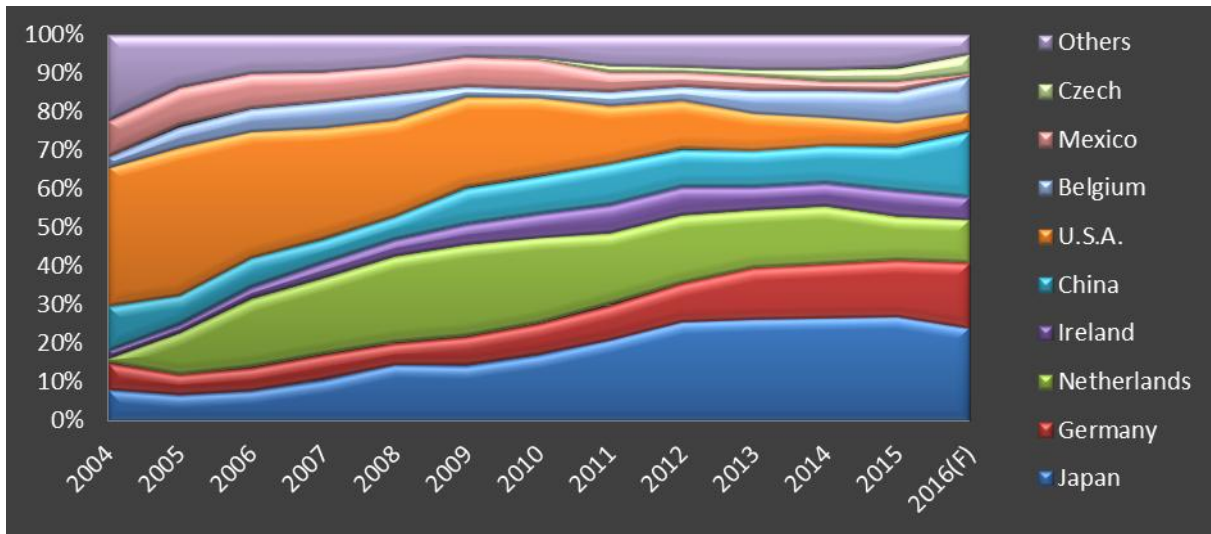
- Korea’s beer imports from the United States amounted to \$8 million in 2016 through October, up 2.4 percent from the same period in 2015. The United States saw the least export growth among the top ten beer exporters to Korea in 2016. As a result, the United States has dropped to the seventh largest beer exporter to Korea. American beer has not been as successful in expanding (or maintaining) its market in Korea over the years as indicated by the fact that the market share held by the United States in Korea’s imported beer market has continued a decline from 24.3 percent in 2004 down to 5.3 percent in 2016 in terms of value. Marketers point out that major competitors have outperformed American beer in the key distribution channel for imported beer, hypermarket grocery stores and franchise pub restaurants, based on superior product assortments and promotions.

Figure 3: Breakdown of Korea’s Beer Imports – Market Share by Country (in Value)



Source: Korea Trade Information Service (KOTIS) Database

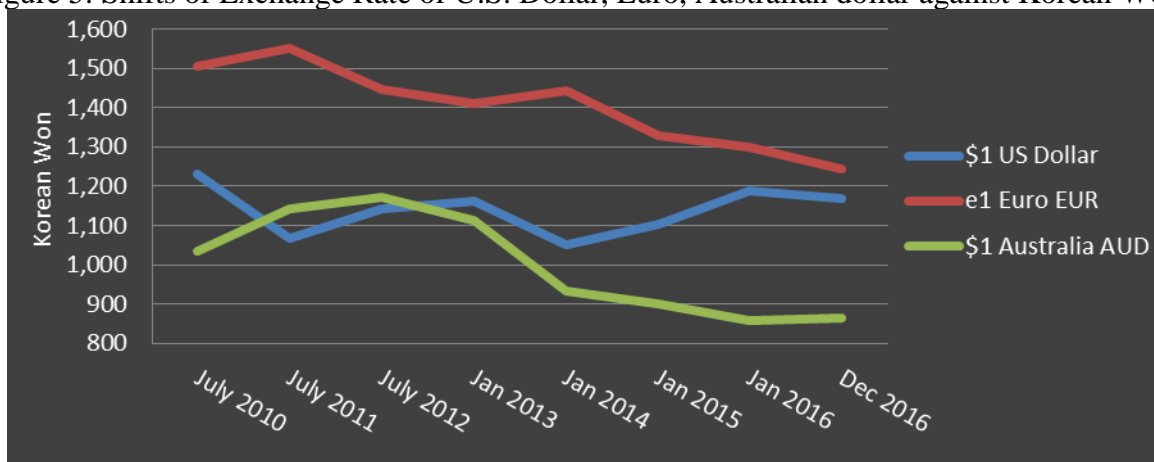
Figure 4: Breakdown of Korea’s Beer Imports – Market Share by Country (in Volume)



Source: Korea Trade Information Service (KOTIS) Database

- The retail price of imported beer in Korea is directly affected by currency exchange rate shifts. The value of U.S. dollar has been on a significant increase since early 2014 whereas competitors' currency, the euro in particular, has declined against the Korean won, which allowed additional room for competitors to deploy extra promotions and price discounts in Korea.

Figure 5: Shifts of Exchange Rate of U.S. Dollar, Euro, Australian dollar against Korean Won



Source: Korea Exchange Bank

- Despite many challenges, Korea should offer increased export opportunity for American beer in the coming years. In particular, increased demand for premium quality beer among young professionals and affluent seniors generates increased imports of American craft beer into Korea. Unfortunately, there is no official data available to track the imports of craft beer versus regular beer. However, according to a report by the American Craft Brewers Association (AOB), Korea was the second largest export market for American craft beer in the Asia-Pacific region after Australia (or the sixth worldwide) as of 2015. Over two thirds of the imported American craft beer is reportedly distributed through off-premise retail stores currently, including hypermarket stores, department stores, and independent premium liquor stores (“bottle

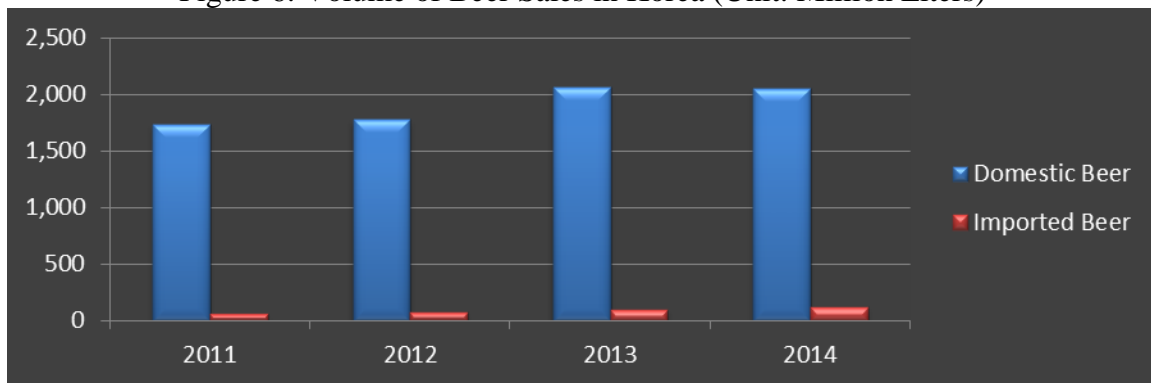
shops”). On the other hand, marketers point out that American craft beer’s further penetration into the on-premise market is somewhat challenged as many American craft breweries currently lack the capacity to supply products in keg containers for exports to Korea.

- The scheduled phase out of import duties under the KORUS FTA (implemented on March 15, 2012) shall allow American beer to enter Korea duty free on January 1, 2018.

2. DOMESTIC KOREAN BEER PRODUCTION

- Domestic breweries in Korea generated W4.1 trillion won of sales in 2014, up 0.7 percent from 2013. In terms of volume, domestic breweries sold 2.1 billion liters in 2014, which was 0.3 percent decline from 2013. Although domestic beer continues to dominate the market, domestic beer production is likely to see a stagnant growth in the coming years due to increased consumer attention to diversity and quality.

Figure 6: Volume of Beer Sales in Korea (Unit: Million Liters)



Source: Korea Alcohol Beverage Industry Association, Korea Wine & Spirits Importers Association

- The domestic beer industry has long been driven by two large-scale local breweries, Oriental Brewery Company Co., Ltd. (OB) and Hite-Jinro Co. (Hite). Industry data indicates that OB and Hite accounted for a 56 percent and a 37 percent of the overall beer market sales in 2015 respectively. Lotte Chilsung, another large-scale domestic brewery, entered the local beer industry by launching ‘Kloud’ brand in 2014. Lotte Chilsung took 5 percent of the beer market share in 2015.
- It is notable that OB was acquired by Anheuser-Busch (AB) InBev in 2014. As a result, OB currently brews and bottles some of AB InBev branded products, including Budweiser and Hoegaarden, in Korea for local distribution. In addition, OB imports many products under AB InBev portfolio into Korea, including Bud Ice, Corona, Beck’s, Stella Artois, Leffe and Löwenbräu.

Table 2: Overview of Leading Korean Breweries

Oriental Brewery Company Co., Ltd.

Hite-Jinro Co.

Production Capacity	930 million liters	920 million liters
Major Brands	Cass, OB, Cafri	Hite, Max, d, S, Stout
Imported Brands	Budweiser, Hoegaarden, Bud Ice, Corona, Beck's, Stella Artois, Leffe and Löwenbräu, Suntory	Kirin, Singha, Kronenbourg, Tooheys Brothers
Internet Home-page	www.obbeer.co.kr	www.hitejinro.com

- Korean regulation requires very low minimum use of malt (10 percent of total starch ingredients) in brewing beer. As a result, the leading domestic breweries use a large amount of non-malt grains such as wheat and rice for lower cost. The leading domestic breweries have also focused on lager style beer over the years, reflecting general Korean consumers' preference for dry, refreshing taste. However, increased consumer demand for products of diversified taste and quality has pressured the local breweries to newly launch or expand production of ale type beer as well as products with more malt and hops in recent years. Nevertheless, the main focus of the leading local breweries is likely to remain a limited assortment of low-price, low quality beer targeting a mass distribution.
- The Korean government maintains a high entry barrier for establishing a regular brewery license, which allows distribution of the product to off-premise retail stores (supermarkets and liquor shops) and alcohol beverage wholesalers. A regular brewery license requires a minimum 250,000 liters of fermentation tank and 500,000 liters of holding tank capacity.
- Reflecting the evolving taste of the consumers, Korean government has introduced a series of reforms in its beer industry regulations since 2002 to promote development of small-scale breweries. The revision introduced in January 2015 marked a milestone in the Korean microbrew industry as it allowed small-scale breweries to sell products to non-affiliated on-premise retail outlets (restaurants and pubs). There were 51 small-scale breweries officially registered in Korea at the end of 2015 and many openings or plans for new breweries were reported in 2016. However, marketers point out that the Korean government regulation still presents a significant barrier for the microbrew industry as it restricts maximum production volume and sales to off-premise retail stores (supermarkets and liquor shops). In addition, liquor tax on alcohol beverages are calculated by the value of the product (or the CIF import value in case of imported product) in Korea currently, which disadvantages quality-oriented products made from premium ingredients such as microbrew craft beer.
- Below table summarizes the current Korean regulations for the local small-scale breweries.

Table 3: Korean Government Regulations for Small-scale Breweries

Category	Regulations
Production Facility & Equipment	<ol style="list-style-type: none"> 1. Brew & Fermentation tank: Minimum 5,000 liters / Maximum 75,000 liters 2. Annual production: Maximum 300,000 liters.

	3. Filtration & sterilization process is required unless the product is distributed through temperature-controlled distribution chain.
Distribution & Sales	<ol style="list-style-type: none"> 1. Sales through directly owned retail outlets are allowed. 2. Sales to non-affiliated retail outlets are allowed only to on-premise retail outlets (restaurants or pubs). 3. Sales to off-premise retail outlets (supermarkets and liquor shops) or alcohol beverage wholesalers are not allowed.

3. ALCOHOL BEVERAGE MARKET TRENDS IN KOREA

- Korea is one of the leading markets in the world for per-capita alcohol beverage consumption. Drinking is considered an important part of social life and is often encouraged at social and business occasions. Although drinking is decreasing among the elderly population for health concerns, the market is gaining new drinkers from the young and female population.
- The cash register sales of alcohol beverage products in Korea totaled W10.8 trillion won (about \$9.7 billion) in 2014, up 4 percent from the previous year. Beer and soju (traditional Korean hard liquor distilled from sweet potato/tapioca/rice/other starch ingredients and then diluted to about 18 percent alcohol content) together accounted for a 77 percent of the alcohol beverage market sales in terms of value (or a 85 percent in terms of volume). Imported beer accounted for a 4.8 percent of the alcohol beverage market sales.

Table 4: Cash Register Sales of Alcohol Beverage Products in Korea (2014, Billion Won)

Product Category	Local Products	Imported Products	Sub-Total
Beer	4,329	515	4,844
Soju	3,385	3	3,388
Distilled Spirits	95	924	1,020
Rice Wine	597	63	659
Fruit Wine*	121	489	610
Others	96	134	230
Total	8,623	2,129	10,751

Source: Korea Alcohol Beverage Industry Association, Korea Wine & Spirits Importers Association

*Note: Local products under Fruit Wine category includes all wine made from fruits. Imported fruit wine refers to grape wine only.

Table 5: Volume Sales of Alcohol Beverage Products in Korea (2014, Million Kilograms)

Product Category	Local Products	Imported Products	Sub-Total
Beer	2,056	119	2,175
Soju	958	0	959
Distilled Spirits	7	23	30
Rice Wine	450	4	454
Fruit Wine*	18	33	51
Others	16	15	31

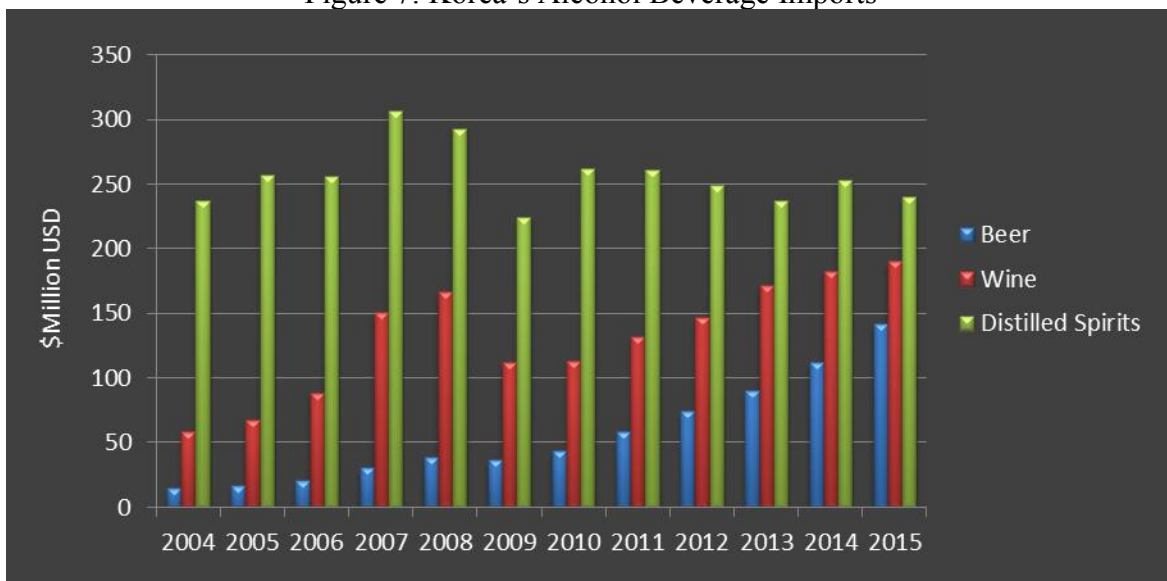
Total	3,505	195	3,700
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Source: Korea Alcohol Beverage Industry Association, Korea Wine & Spirits Importers Association

*Note: Local products under Fruit Wine category includes all wine made from fruits. Imported fruit wine refers to grape wine only.

- Increased health concerns among the general public is increasing the demand for products with less alcohol content such as wine and beer. Soju has shown a steady performance in recent years mainly backed by continued launchings of new products that contained less alcohol.
- While local products dominate the market for beer and soju, imported products continue to lead the market for distilled spirits and fruit wine. While imports of distilled spirits are stagnating mainly due to increased health concerns, Korean consumers' strong demand for diversified taste is likely to generate additional imports for wine, beer and sake (rice wine) in the coming years.

Figure 7: Korea's Alcohol Beverage Imports



Source: Korea Trade Information Service Database (Beer HS2203; Wine HS2204; Distilled Spirits HS2208)

4. MARKET ENTRY STRATEGY

- By law, only licensed liquor importers are allowed to import alcohol beverages, including beer. There is no ceiling on the number of licenses issued, so any qualified candidate can obtain a liquor import license. Currently there are over 500 licensed liquor importers, but marketers estimate that about 50 of them currently maintain an active business. Moreover, a dozen leading importers reportedly account for over 70 percent of total imports. Contact information of Korean alcohol beverage importers is available from ATO Seoul upon request. Facility and equipment of ATO Seoul, including meeting rooms and a small kitchen are also available to new-to-market suppliers.
- Mainly due to the on-going economic downturn, Korean alcohol beverage importers in general currently maintain a very conservative stance when it comes to launching new products. The importers may not react to new product offers from foreign suppliers unless the product in

question indicates strong market potential particularly in terms of: international acclaims earned by the product (awards, critics' favorable evaluations, etc.); value-quality proposition in comparison to leading products in the target market; and promotional supports offered by the supplier.

- Korean traders highly value face-to-face contacts when developing business relationship with new foreign suppliers. Personal visits to Korea allow new-to-market suppliers to gain contacts with Korean importers as well as hands-on knowledge about local market trends.
- Trade shows are an efficient venue for new-to-market American suppliers to develop contacts with a large number of Korean buyers. American beer suppliers are encouraged to consider the following food and beverage trade shows in Korea:

1) Seoul Food & Hotel (www.seoulfoodnhotel.co.kr) is the leading food trade show held annually in Korea. This is the only show in Korea that is officially endorsed and sponsored by USDA/FAS. The schedule of up-coming show in 2017 is May 16-19. For registration information, please contact the American Pavilion organizer, Oak Overseas (rhood@oakoverseas.com).

2) The Seoul International Wines & Spirits Expo (www.swsexpo.com) is an important annual event dedicated to alcohol beverage products. The 2017 show will be held April 27-29.

- Various regional and industry organizations in the United States offer export assistance programs to their member suppliers targeting foreign markets. General tools offered by the organizations include trade delegations to key foreign markets.

1) American Brewers Association (ABA)

736 Pearl Street, Boulder, CO 80302

Telephone: 303-447-0816

E-mail: info@brewersassociation.org

2) Food Export Association of the Midwest USA

309 W. Washington St., Suite 600

Chicago, Illinois 60606

Telephone: 312-334-9200 Fax: 312-334-9230

E-mail: thamilton@foodexport.org

Website: www.foodexport.org

3) 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: janet@wusata.org

Website: www.wusata.org

4) Food Export USA Northeast

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

5) 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

SECTION III: MARKET ACCESS

1. IMPORT TARIFF AND TAXES

- Korea applies a complicated tariff and tax system to imported alcohol beverages. The table below summarizes tariff and local taxes applied to imported American beer as of 2016.

Table 6: Korean Import Tariff & Taxes on Imported American Beer

Product	Import Tariff	Liquor Tax	Education Tax	Value Added Tax
Beer	8.5%	72%	30%	10%

- The following table illustrates the effects of import tariff and local taxes on a bottle of \$1 (CIF import value) American beer imported into Korea:

Table 7: Effects of Import Tariff and Taxes

A	CIF* Invoice Value	\$1.000
B	Import Tariff: A x 8.5%	\$0.085
C	Liquor Tax: (A+B) x 72%	\$0.781
D	Education Tax: C x 30%	\$0.234
E	Subtotal: (A+B+C+D)	\$2.101
F	Value Added Tax **: E x 10%	\$0.210
G	Handling fees for customs clearance ***: A x 8%	\$0.080
H	Total cost of beer upon customs clearance: (E+F+G)	\$2.391

Note*: CIF is an export price upon arrival in a port in Korea inclusive of insurance and freight cost. Value of one time use plastic keg container is recognized as part of the CIF product value. Freight cost should be high if the product is shipped in a temperature controlled sea container or air cargo.

Note**: The paid Value Added Tax (VAT) is eventually refunded to the importer as the tax is carried over to the consumer.

Note***: In addition to import tariff and taxes, additional cost of about 8 percent of CIF value will occur for miscellaneous expenses during the customs clearance process, including paperwork, inspection, warehousing, and transportation. The amount of this additional cost depends mainly on the kind of inspection to which the shipment is subject. For example, warehousing fee and inspection fee will increase significantly if a detailed chemical inspection is required instead of documentary inspection.

2. INSPECTIONS AND FOOD SAFETY STANDARDS

- Imported foods and beverages, including alcohol beverages, are subject to food safety inspections. There are two kinds of inspections: detailed inspection (chemical analysis) and visual inspection (document inspection).
- The first commercial shipment of new-to-market product is mandated to a detailed inspection, which under Korean law should take no longer than 10 working days (in case of incubation test,

up to 14 working days). In practice, however, importers claim that it could take longer. For detailed inspection, importers are required to submit one sample bottle of each product to the inspection authority along with detailed product information such as major ingredient list and processing flow chart. Once detailed inspection on the first shipment confirms no potential health concerns, subsequent shipments of the same product will be subject to visual (documentary) inspections. Visual inspection should take no longer than 3 working days provided that the product in the subsequent shipment is identical to the product in the first shipment with respect to label, product name, ingredients, and net volume (vintage change is not recognized as a reason for detailed inspection). However, local authority maintains a policy to require detailed inspections randomly on a significant portion of subsequent shipments of identical products. For more information about Korean regulations and standards on imported agricultural products, please refer to [FAIRS Country Report \(Food and Agricultural Import Regulations and Standards\)](#) published by the Agricultural Affairs Office of the U.S. Embassy Seoul (available in www.fas.usda.gov under Attaché Report section).

- When a new food safety issue arises, the local authority may enforce additional safety standards and mandatory tests on the imported products associated with the risk. For example, Chinese distilled spirits have been subject to an additional chemical inspection for contamination by environmental hormones recently after the issue was publicized by the local press.
- Below table summarizes key Korean food safety standards for beer designated in the Korea Food Code and National Tax Office Decree:

Table 8: Key Korean Food Safety Standards for Beer

Product	Issue	Standards
Beer	Major ingredients	Malt (barley and wheat), Hop, Water, Starch ingredient (including wheat, rice, barley, corn, potato, and starch) are allowed to brew beer.
	Methanol	0.5 mg/ml or less
	Alcohol content	(1) 25% (v/v) or less (2) Labeled alcohol content should be within 0.5% point from actual content measured
	Additives allowed	Aspartame, Stevioside, Sorbitol, Sucralose, Acesulfame K, Erythritol, Xylitol, Milk, Milk powder, Milk cream, Casein, Arabic gum, Pectin, Carbon dioxide gas, Sugars, Caramel, etc.

- Use of additives such as preservatives and coloring agents in alcohol beverages is subject to the Korea Food Additive Code administered by the Korea Ministry of Food & Drug Safety (MFDS). Designated uses and tolerance levels of each additive are established on a product-by-product basis. This sometimes creates difficulties for American suppliers as uses and tolerances set in Korea can vary from international CODEX standards and/or American standards. English version of the Korea Food Additive Code is available for view from MFDS's internet homepage (http://www.mfds.go.kr/fa/ebook/egongjeon_intro.jsp).

3. LABELING

- Korean law requires a separate Korean language label on imported alcohol beverages. In most

cases, the Korean language label (sticker) is attached to the back of the bottle manually by the importer in the duty-free warehouse before customs inspection. The Korean language label should contain the following information:

- 1) Product name
 - 2) Country of origin
 - 3) Product type
 - 4) Product volume
 - 5) Importer's name and phone number
 - 6) Alcohol percentage
 - 7) Name of major ingredients
 - 8) Name of food additives used
 - 9) Bottling date (not required if shelf life is shown)
 - 10) Shelf life (expiration date)
 - 11) Mandatory health warning clauses
 - 12) Mandatory warning clause against liquor sales to minors
 - 13) Name of designated distribution channel (only required on bottles sold in off-premise retail stores. Bottles sold in small retail stores should be marked "For Home Use". Bottles sold in large-scale retail stores should be marked "For Large-scale Store Sales". "Sales in Restaurants and Bars are Not Allowed" should also be marked.)
- Fruit images or photos are not allowed on the label of food and beverage products if the product contains synthetic flavors only. Label of beer can include "Lite" only if the product contains 30 kcal of calorie per 100ml or less.

SECTION IV: KEY CONTACTS AND FURTHER INFORMATION

A. USDA/FAS Offices in Korea

(1) For information about the Korean agricultural market and regulations, please contact:

U.S. Agricultural Trade Office Seoul (ATO)

Korean Address: Room 303, Leema Building, 42 Jongro 1-gil, Jongro-gu, Seoul, Korea

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

Telephone: +82-2 6951-6848 Fax: +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

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

(2) For further information about sanitary/export certificate requirements, please contact:

U.S. Animal Plant and Health Inspection Service Seoul (APHIS)
Korean Address: Room 303, Leema Building, 42 Jongro 1-gil, Jongro-gu, 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
Internet Homepage: www.aphis.usda.gov

B. State Regional Trade Groups (SRTG)

For information about export assistant programs offered by State Regional Trade Groups, please contact:

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: export@wusata.org
Website: www.wusata.org

Food Export Association of the Midwest USA
309 W. Washington St., Suite 600, Chicago, Illinois 60606, USA
Telephone: 312-334-9200 Fax: 312-334-9230
E-mail: thamilton@foodexport.org
Website: www.foodexport.org

Food Export USA Northeast
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: susta@susta.org
Website: www.susta.org

C. Additional Sources of Information & Support

(1) For information on the non-agricultural commercial and industrial products in Korea, please contact:

U.S. Commercial Service
Korean Address: U.S. Embassy, 82, Sejong-ro, Jongro-gu, 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: <http://2016.export.gov/southkorea/>

(2) The American Chamber of Commerce in Korea (AMCHAM) offers a local network of American businesses by sector, through which its over 1,000 member companies can share market intelligence and collaborate on new business opportunities.

Address: 15F, Two IFC, 10, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul, 07326, Republic of Korea
 Telephone: +82-2 564-2040 Fax: +82-2 564-2050
 E-mail: amchamrsvp@amchamkorea.org
 Homepage: www.amchamkorea.org

APPENDIX: KOREA'S BEER IMPORT STATISTICS

	2013		2014		2015		2016(F)*	
	Value	Volume	Value	Volume	Value	Volume	Value	Volume
Total	89,667	95,210,568	111,686	119,500,503	141,860	170,919,203	182,290	220,314,853
Japan	27,937	25,047,092	33,212	31,914,035	41,076	46,244,098	51,016	52,163,343
Germany	10,852	12,544,937	14,566	16,688,397	18,802	24,874,024	19,949	26,689,828
Netherland	11,323	14,395,809	14,040	17,821,374	12,090	19,451,582	14,714	24,119,962
Ireland	7,227	5,807,629	10,414	7,269,034	16,261	11,423,229	19,611	13,433,717
China	7,352	8,782,689	9,117	11,490,381	14,215	19,604,829	27,520	38,013,763
U.S.A.	6,756	9,296,113	7,346	8,943,980	9,135	10,614,314	9,354	10,709,843
Belgium	4,303	5,716,548	6,089	8,297,071	8,795	13,528,986	13,324	20,685,820
Mexico	3,444	3,395,050	2,893	2,812,309	4,209	4,442,120	1,503	1,679,121
Czech	1,287	1,754,563	2,314	3,511,163	3,355	6,206,032	5,888	11,605,280
Others	9,186	8,470,138	11,695	10,752,759	13,922	14,529,989	19,411	21,214,176

Unit: Value \$1,000 USD (CIF value) / Volume Kilograms

Source: Korea Trade Information Service (KOTIS) Database (www.kita.net)

*Note: 2016(F) figures are forecast by ATO Seoul based on an import trend analysis through October