

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 11/2/2011

GAIN Report Number: KS1145

Korea - Republic of

Exporter Guide

Annual

Approved By:

Michael Fay, Director

Prepared By:

Sangyong Oh, Marketing
Specialist

Report Highlights:

South Korea is the fifth largest export market for American agriculture. Korea's total imports of agricultural and food products from the world for 2011 are on track to hit a record high \$31 billion (KOTIS). The United States is expected to remain the leading supplier and will maintain a 26 percent market share in 2011. Anticipated implementation of the Korea-United States Free Trade Agreement in the near future should generate even greater export opportunities for American suppliers.

Post:
Seoul ATO

Author Defined:

TABLE of CONTENTS

SECTION I	MARKET OVERVIEW
SECTION II	EXPORTER BUSINESS TIPS
	A. Where to Start
	<i>Market Research</i>
	<i>Establishing Korean Partners</i>
	<i>Meeting Local Tastes</i>
	B. Local Business Customs & Practices
	<i>Initial Communication</i>
	<i>Relationship Building & Social Networking</i>
	<i>Language</i>
	<i>Name Cards</i>
	<i>Meetings</i>
	<i>Evening Gatherings</i>
	<i>Dress Code</i>
	<i>Resolving Conflicts</i>
	C. General Consumer Tastes and Trends
SECTION III	IMPORT FOOD STANDARDS & REGULATIONS
SECTION IV	IMPORT PROCEDURES
	A. Customs Clearance
	B. Documents Generally Required by the Korean Authority when Food is Imported
	C. Import Inspections
	D. Tariffs and KORUS FTA
	E. Sample Shipments
	F. Trademarks and Patents
SECTION V	MARKET SECTOR STRUCTURE AND TRENDS
	A. Supply Chain and Product Flow
	B. Retail Food Sector
	C. Hotel, Restaurant and Institutional (HRI) Food Service Sector
	D. Food Processing Sector

SECTION VI	KOREA'S AGRICULTURAL & FOOD IMPORTS
	A. Agricultural & Food Import Statistics
	B. Best High-value, Consumer-oriented Product Prospects
SECTION VII	KEY CONTACTS AND FURTHER INFORMATION
	A. USDA/FAS Offices in Korea
	B. USDA/FAS' On-line Supplier List
	C. Strategic Trade Regional Groups (STRG)
	D. Additional Sources of Information & Support
APPENDIX	KEY SOCIO-ECONOMIC INFORMATION OF KOREA

Disclaimer

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

SECTION I MARKET OVERVIEW

South Korea (herein after referred to as Korea) was the world's 13th largest economy in 2010 with a GDP of \$1.46 trillion and per capita GDP of \$30,000 on a purchasing power parity (PPP) basis ([CIA World Factbook](#)). Despite the impact of the global economic crisis since 2009, the Korean economy has maintained a relatively stable growth partly due to the strong performance of its export industry. The International Monetary Fund has recently forecast that the Korean economy would grow 4.0 percent in 2011 and 4.4 percent in 2012.

Korea is the fifth largest export market for American agriculture. Korea by nature relies heavily on imports to fulfill its food and agricultural needs. Korea is about the size of the state of Indiana, and over 70 percent of its land is not suitable for commercial farming. Much of the limited farm land is dedicated to rice production. Its 50 million population makes Korea the world's third most densely populated country, and almost 50 percent of the population resides in the Seoul metropolitan area. Increased consumer wealth coupled with diversified taste has expanded the market for imported products in Korea over the years.

Korea's total imports of agricultural and food products from the world for 2011 are forecast to hit a record high \$31 billion, up 34 percent from the previous year. The United States should remain the leading supplier of agricultural and food products to Korea by taking an estimate of 25 percent of the total imports (or \$8 billion in value) in 2011. In particular, consumer-oriented products are likely to

lead the expansion of the imports from the United States in the coming years.

Current consumption trends in Korea reflect important on-going socio-economic changes, which includes retirement of baby boomers, more women in the workforce, downsizing of the family, well-traveled younger generation, urbanization, information technology, and inflation pressure. As a result, products and businesses that offer good value, high quality, health or nutritional benefits, new taste, and convenience are showing a strong growth in the market.

The Korea-United States Free Trade Agreement (KORUS FTA), which is currently pending in the National Assembly of Korea for ratification (the United States Congress ratified the bill on October 13, 2011), should generate new opportunities for American suppliers upon implementation as it will reduce Korean import tariffs on many American products.

Table 1: South Korea's Agricultural Imports by Category (\$Million, CIF Value)

Category	From World			From the U.S.			
	2010	2011(F) /1	Growth	2010	2011(F)	Growth	Mkt Share
BASIC COMMODITY	5,087	7,156	40.7%	2,693	3,553	31.9%	49.6%
INTERMEDIATE	6,781	8,796	29.7%	1,267	1,289	1.8%	14.7%
CONSUMER-ORIENTED	6,647	9,732	46.4%	1,837	2,976	62.0%	30.6%
FOREST PRODUCTS	2,170	2,273	4.8%	203	200	-1.6%	8.8%
SEAFOOD PRODUCTS	3,091	3,981	28.8%	113	153	35.7%	3.9%
GRAND TOTAL	23,777	31,907	34.2%	6,113	8,129	33.0%	25.5%

Source: Korea Trade Information Service (KOTIS), compiled by the U.S. Agricultural Trade Office Seoul (ATO)
/1 2011 (F) is based on January-August KOTIS import data trend analysis.

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

Advantages	Challenges
Korea is an emerging market where new ideas and trends are eagerly tried and accepted, leading to greater opportunities for new-to-market products.	Consumers are generally biased toward locally produced agricultural products. Many consumers still maintain an idea that local products are superior in quality and safety to imported products.
Korea, by nature, depends heavily on imports for its food and agricultural needs. In addition, consumers are looking for new and international tastes as the income level continues to rise.	Imports of many American products are currently subject to restrictive trade barriers, including high import tariffs, tariff rate quota, and complicated food safety/labeling regulation.
Partly due to the long tie between Korea and the United States, the United States is likely to remain the leading exporter of agricultural products to Korea. The United States remains a preferred and trusted origin of agricultural products to many Koreans.	High cost of shipping, documentation, inspection, and labeling, coupled with high distributor mark-ups deteriorate price competitiveness of many imported products.
Implementation of KORUS FTA will generate new opportunities for American suppliers by significantly reducing the tariff barrier on most products.	Limited knowledge and experience of business between traders in Korea and the United States restrict them from fulfilling

SECTION II EXPORTER BUSINESS TIPS

A. Where to Start

Market Research:

The first step recommended for new-to-market American suppliers is preliminary research to determine if there is a potential market for its product in Korea. The research should cover key issues including consumption trends, size of the market (imports), major distribution channels, current import tariffs and local taxes, and Korean government regulations and standards. The research, together with consultations with partner Korean importers down the road, should help the supplier to tell if any modifications to the existing product would be needed to meet the demand and regulations in Korea. The Foreign Agricultural Service (FAS) under the United States Department of Agriculture (USDA) is a useful source of information and resources available to the supplier. In particular, the Attaché reports for Korea that cover various products and industries are available on the FAS website (www.fas.usda.gov). Offices in Korea under USDA/FAS can also provide the supplier with catered assistance for both market intelligence as well as links to other relevant sources of support (please see Section VII of this report for contact information). Additionally, the United States Department of Commerce is another important source of information for non-agricultural products. In particular, the “Country Commercial Guide” published by the department includes a wide range of useful information (the supplier should register for access to the guide at: www.buyusa.gov/korea/en/).

Establishing Korean Partners:

While executing the preliminary market research, the supplier is recommended to develop dialogues with potential business partners (importers) in Korea. Lists of Korean importers by product or by industry are available from the USDA/FAS offices in Korea. The lists are based on the offices’ own contact database as well as the Korea Trade Information Service (KOTIS) database updated by the Korea International Trade Association (KITA). Korean importers in general are seeking new business opportunities with foreign suppliers and would be willing to provide in-depth market intelligence if they are interested in the supplier’s product or business offers.

An effective tool for developing contacts with Korean importers is exhibiting in established food trade shows. Korean business people place high value on personal interaction when developing business with new foreign suppliers. In particular, the Seoul Food & Hotel, the only show officially endorsed by USDA/FAS in Korea, has been an outstanding venue for new-to-market American suppliers to meet with a large number of key importers and distributors in Korea. Registration information to join the U.S. Pavilion of the show is available from the organizer (www.seoulfoodnhotel.co.kr, E-mail: rhoad@oakoverseas.com). Other international food trade shows that attract a sizable number of Korean food importers include FoodEx Japan (www3.jma.or.jp/foodex/en/), FMI Show (www.fmi.org), National Restaurant Show (<http://show.restaurant.org>), SIAL Show France (www.sialparis.com), and ANUGA Show Germany (www.anuga.com).

Another tool recommended is joining official trade delegations to Korea organized by various American

agricultural export promotion organizations, such as Strategic Trade Regional Groups (STRG, e.g., Food Export Association of the Midwest USA), State Departments of Agriculture, and USDA Cooperators (e.g. U.S. Dairy Export Council). Some of the states and USDA cooperators maintain representative offices or contractors in Korea. Contact information of these organizations is available from USDA/FAS Korean offices.

Korea has well established regulations and procedures on food imports, as well as complex tariff and tax codes, which often make the entry of a new-to-market product time and resource consuming process. Working with reputable importers is the approach that has been proven most efficient to overcome these barriers. Established importers are well aware of market demand/supply intelligence, local business laws and practices, distribution channels, and most of all are the best source for up-to-date government regulations on imported foods.

As the dialogue develops further and the potential business partner is narrowed down, the supplier would be asked to submit product sample and preliminary price offer. Sample products shipped to Korea are subject to the same local regulations and import inspections, and therefore should allow the supplier and the importer to check if the product meets local standards. It also helps verify the Harmonized Tariff (HS) Code (and subject import duties) that the product is classified by the Korean authority.

Once the test sample shipment finds no issue against local regulations, and an agreement on price and transaction terms is reached, both parties would move forward to sign a contract for actual business. Letter of credit (L/C) is the most common and recommended payment terms used between new business partners. The type of business relationship agreed between the U.S. exporter and the Korean importer may vary from a market exclusive, long-term business agreement to a non-binding, one-time purchase order mainly depending on how the exporter sees the role of the import partner in market development. The most common practice is maintaining a non-binding seller-buyer relationship during the test-market period and then upgrading to a more binding option if the partner shows bigger potential. It is also recommended that the contract include an agreement on the method of resolution for any trade dispute that may arise from the transaction.

Meeting Local Tastes:

One of the common mistakes that new-to-market American suppliers often make is viewing Koreans as the same category of consumers in the neighboring countries, Japan and China. Although it is true that people in these three far eastern Asian countries share some parts of their histories and cultures, Koreans' tastes for foods are different in many ways from the neighbors. Consequently, products that are catered to the taste of Korean consumers will have higher chance of making a successful entry into Korea. Personal visits to Korea should be the best way to develop understanding about the local taste. Information gathering through Internet or associating with Korean American communities in the states could also be an efficient tool.

Meeting local tastes could mean anything from modifying package design to reformulating the recipe. Package design, in particular, is a very important factor in Korea, and exporters should consider developing a new design that can better attract Korean consumers. Although many Koreans can read English, adding Korean language on the label can significantly improve the level of exposure on the

shelf. Another noteworthy issue in packaging is the separate Korean language label required on imported products. This added stick-on label can detract from the appearance of the product. Exporters should discuss the design of the Korean language label with the importer for a better look. Korean language label is in general designed and printed by the importer and hand-attached to the product in the duty free warehouse at the port of entry before the customs inspection.

B. Local Business Customs & Practices

Korea is a country of tradition. While Korean importers understand international business customs and practices, paying attention to cultural differences and localities in the way of thinking will facilitate building a trusted business relationship. The following are some business tips that American suppliers should keep in mind when dealing with Korean businessmen.

Initial Communication:

Partly because of the strong influence of Confucianism philosophy running through the society, Koreans try to be formal when they develop a contact with new people. As such, cold calling (or cold e-mailing) could be problematic in Korea. Koreans would take extra steps or efforts to make the initial communication as formal as possible. For example, e-mails or letters would include unnecessary 'protocol' information, such as lengthy greetings or elaborated introduction about the person in charge, less critical 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 person in charge. Communication exchanged between the working level staffs may not take effect until the senior level staff are introduced to the discussion later and give reconfirmation on the preliminary agreement already made. Therefore, the American supplier should try to match the formality of the Korean counterpart particularly during the initial stage of contact. As a result, progress of the initial communication could be slow.

Relationship Building & Social Networking:

Koreans put high value on personal interactions when developing new relationship, so they prefer to deal face-to-face. The American supplier may see little progress in negotiation until there is a face-to-face encounter made with the Korean counterpart. As a tool to supplement the personal interaction, Koreans seek introductions or comments by mutually connected third parties. Koreans love socializing and participate actively in various bodies of social media such as religious organizations, school alumni groups, political parties, and birth place associations. Any of these bodies of social network can help the American supplier develop and expand relationships in Korea. It is notable that many Koreans are also actively engaging in on-line social network media such as Blogs, Internet Cafes and 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, the American supplier should be very careful when writing or talking to the Korean counterpart in English. For every communication, try to use plain words, make the sentences as simple and clear as possible, avoid using slangs 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. By cultural nature, 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 a first name unless the person specifically asks to be called by his/her first name. Having the back side of a 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. Title of job is much diversified in a Korean organization, so the title of job on a Korean business card could be misleading as there could be limited matching titles in an American organization (for example, 'Manager of Sales Department' title on a Korean business card could mean 'Sales Executive' up to 'Vice President of Sales' in an American company).

Meetings:

Clearly defined and listed agenda provided in advance helps the meeting stay focused and generate successful outcomes. It is likely that the meeting will include a senior staff member who speaks little English, so usually a designated junior staff member of the Korean company translates on behalf of the Korean party. However, regardless of the fluency of the translator from the Korean side, the American supplier should be prepared to provide all materials in writing. For important meetings, the American supplier should also consider hiring a professional interpreter to avoid confusion or misunderstanding. 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. Pay attention to the seating arrangement - usually the most senior staff member will sit at the head of the table. Allow the Korean party to talk enough before giving your reply, but it should not be seen impolite to stop the talk and ask for clarification or further information.

Evening Gatherings:

Korean businessmen often gather after work over dinner and drinks not only for socialization but also for business. As an old Korean saying goes, "real businesses develop in (unofficial) evening gatherings after work", Korean businessmen tend to extend the official talk started during the work hour into the dinner or even to a late evening 'drinking gathering' following the dinner particularly when they want to make significant progress in the negotiation. Therefore, American suppliers are encouraged to actively participate in evening gatherings especially when dealing with the 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 to note in this situation is that it is impolite to pour one's own drink. As such, participants should not be bashful about pouring for others in the table.

Dress Code:

Koreans take first impression from the look of a person very importantly. 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 "lost face" when dealing with conflicts. Therefore, even a small concession offered by the American supplier will help resolve the conflict more quickly. Visible anger is not useful in a confrontation. Instead, silence is a more effective method of conveying displeasure. Apologizing can also be useful and does not always mean 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 staffs involved in the Korean company. Law suits are very expensive and time consuming way to resolve conflicts. Therefore, it is always recommended to include an alternative measure in the contract how potential business disputes would be resolved. The following is a clause often used by the 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 a Korean importer, the arbitration shall be held at the Korean Commercial Arbitration Board. In case the respondent is an American supplier, the arbitration shall be held at an American commercial arbitration association." The internet home-page of the Korean Commercial Arbitration Board contains some useful information:
http://www.kcab.or.kr/servlet/kcab_adm/memberauth/5000

C. General Consumer Tastes and Trends

Represented by steamed rice, Kimchi (fermented cabbage), and Bulgogi (marinated beef), traditional Korean cuisine is still the mainstream of the Korean diet. However, globalization of the market and change of consumer lifestyle have made today's Korean diet quite different from what it was 5 years ago. Like consumers in developed countries everywhere, Koreans are looking for new taste, better value, convenience, high quality, and most of all, safe and healthy products in their daily diet.

Due in part to the aging population, there is a heavy emphasis among the general public on healthy eating, which is interpreted into a strong demand for organic and functional foods. In particular, 'Well-being', a theme that has evoked new consumer movement of seeking both physical and psychological health by adopting more wholesome way of life, remains one of the most influential ideas in the market. As an old Korean proverb "food and medicine are from the same source" says, Korean's long-held belief in health-improving efficacy of foods still prevails and contributes to the on-going popularity of functional foods as well as regular foods that target specific health concerns.

It is important to note that Korean consumers are extremely sensitive to food safety issues as they have been exposed to many big and small food safety scandals over the years, including BSE, Avian Influenza, GMO, and Melamine risk from Chinese processed foods. Internet has become a handy source of food safety information for many Koreans in spite of the fact that it is often misleading. Food safety issues of any magnitude can potentially develop into a "food scare" rumor on the Internet and have a detrimental impact on the reputation and sales of the associated products over night. Korean consumers' general preference for national brand products is partly rooted in concerns for food safety.

Table 3: Aging Korean Population (unit: 1,000 people)

Age Group	1995		2010 (Estimate)		Growth
	Number	Share	Number	Share	
0-14	10,236	23.0 %	7,907	16.2%	-22.7 %
15-64	31,678	71.1 %	35,611	72.9%	12.4 %
65 +	2,640	5.9 %	5,357	11.0%	102.9 %

Source: Korea Statistics Office

Improved economic conditions allow Korean consumers to pay more attention to quality and diversity in diet. In particular, better-traveled young consumers, many of whom are educated in foreign countries, are ushering more international products and food culture into the market. While Japan served for many years as a reference market for Koreans to monitor and adopt new foreign food culture, today's Korean consumers are tracking more diverse international markets, including California, New York, and Paris, for new foreign food ideas and trends. However, at the same time, the call for better value is also emphasized in the market mainly due to the on-going retirement of the Korean baby boomer generation as well as the slow-down of the local economy under recent global financial crisis.

Convenience is a strong driving force behind many consumer trends as everyday life of Koreans gets busier. For example, rapid increase of dual-income families and single parent households has led to a growing demand for Home Meal Replacement (HMR) products in retail stores as well as for quick service restaurants. Delivery service is extremely well developed in Korea as people do not want to waste time in traffic. Rapid growth of on-line shopping is also rooted partly in the demand for convenience (of course, high real estate cost is another factor that drives stores to go into 'cyber space').

SECTION III IMPORT FOOD STANDARDS & REGULATIONS

For detailed information regarding standards and regulations that imported food and agricultural products are subject to in Korea, including Labeling, Packaging, Export Sanitary Certificates, MRL (Maximum Residue Level) Code, and Food Additive Code, please refer to the following annual reports produced by the Agricultural Affairs Office, FAS Seoul.

(1) [“FAIRS \(Food and Agricultural Import Regulations and Standards\) Country Report Annual 2011”](#), KS1102 dated January 11, 2011 (or visit www.fas.usda.gov for more recent update).

(2) [“FAIRS Export Certificate Report Annual 2011”](#), KS1101 dated January 5, 2011

SECTION IV IMPORT PROCEDURES

A. Customs Clearance

The Korea Customs Service (KCS), the Korea Food and Drug Administration (KFDA), and the Animal Plant & Fisheries Quarantine Inspection Agency (QIA, this is a new agency launched on June 15, 2011

by merging of the National Veterinary Research & Quarantine Service, the National Plant Quarantine Service, and the National Seafood Quality Inspection Agency) are the agencies involved in the import clearance process. Imports of agricultural products may require clearance from several of these agencies and are, thus, more likely to encounter port delays than other imported products. Delays can be costly due to the perishable nature of many agricultural products. In addition, other entities may be involved in regulating imports through the administration of licenses or, in some cases, quotas for agricultural products.

KCS is responsible for ensuring that all necessary documentation, including inspection results, is in place before the product is released from the bonded area. KCS operates the Electronic Data Interchange (EDI) system for efficient flow of documents, which is connected to electronic data management systems of KFDA and QIA. Inspection results of KFDA and QIA are transmitted to KCS via the EDI system, thus shortening the clearance time. For details about KCS customs clearance procedures, please visit the agency's Internet home-page (<http://english.customs.go.kr/>).

Chart 1: KCS Import Clearance Procedures



Source: Korea Customs Service (KCS)

B. Documents Generally Required by the Korean Authority When Food is Imported

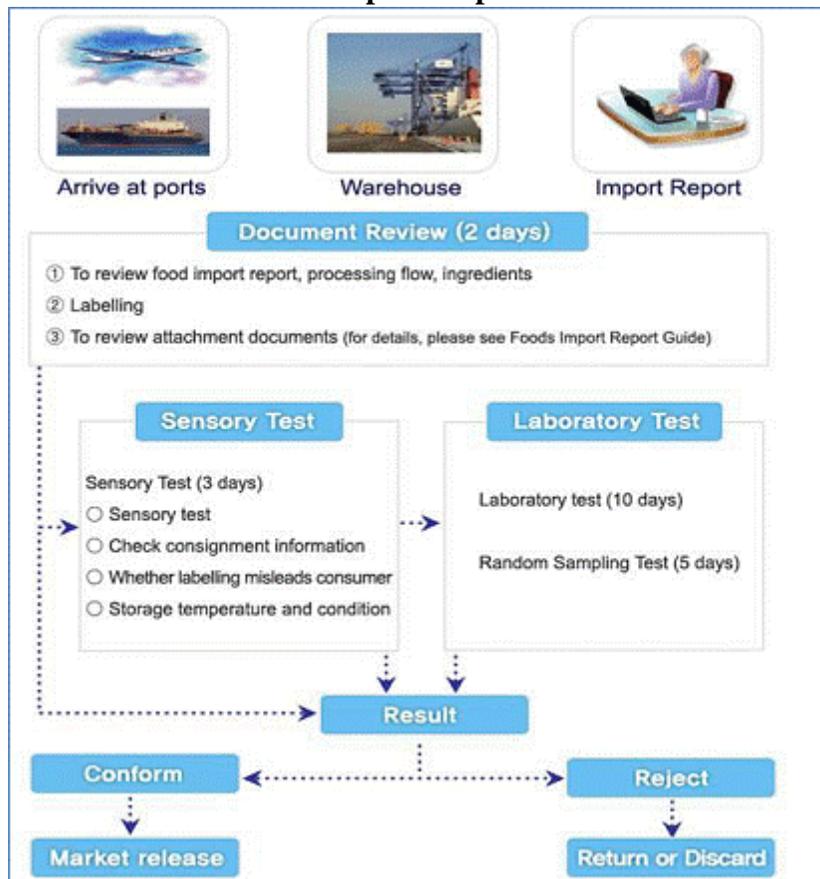
- (1) Commercial Invoice
- (2) Bill of Lading (or Airway Bill)
- (3) Packing List
- (4) Certificate of Origin (not required if there is "Made in USA" on the label.)
- (5) Names of all ingredients with composition percentage of major ingredients
- (6) Processing Flow Chart
- (7) Certificate of Production Date
- (8) Packing Material (not required for bottles, cans, and paper packages)

- (9) Export sanitary certificate (for meat, fruit, nuts, vegetables, plants, grains, etc.)
- (10) Other relevant certificates, such as non-biotech certificate for corn, soybeans, and potatoes or USDA organic certificates for organic products

C. Import Inspections

All new-to-market products are subject to mandatory laboratory testing conducted by the relevant inspection agency. Subsequent shipments of the product that passed the first laboratory testing may be exempt from mandatory laboratory testing. The respective quarantine inspection authorities must clear products subject to plant or animal quarantine inspection before KCS will clear them. The import inspection application must be written in Korean and submitted to the relevant agency. Below charts summarize the inspection procedures taken by agencies involved.

Chart 2: KFDA Import Inspection Procedures



Source: Korea Food & Drug Administration (KFDA)

1. The importer or the importer’s representative submits the “Import Declaration for Food, etc.”
2. The type of inspection to be conducted is determined in accordance with the guidelines for inspection of imported food products. The types of inspection that a given food product may be subject to include: document inspection, organoleptic inspection, laboratory inspection, and random sampling examination.

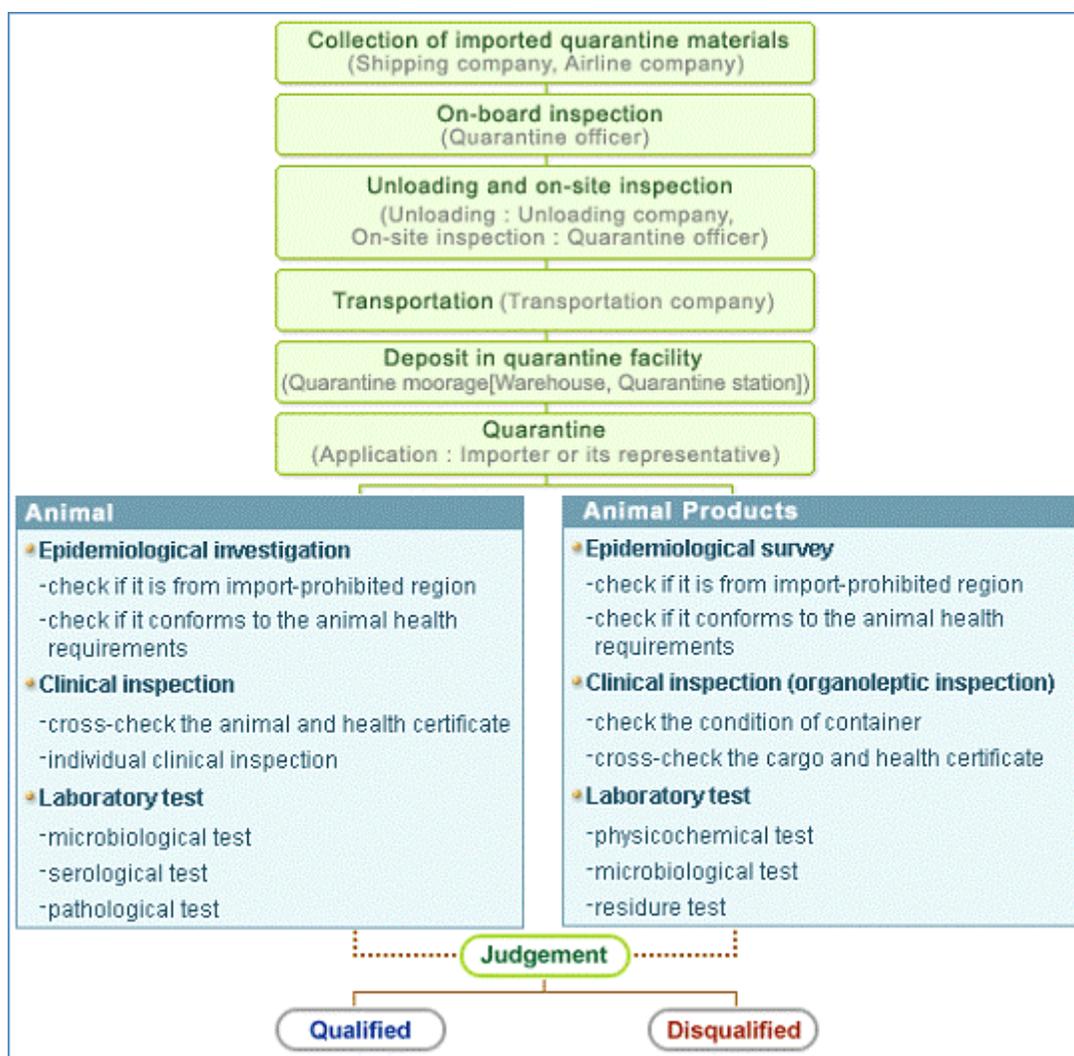
3. If a product is subject to organoleptic inspection, laboratory inspection, or random sampling examination, the KFDA inspector will conduct a field examination and take samples for laboratory testing.
4. KFDA conducts the conformity assessment from the information collected, using such items as test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

For perishable agricultural products, such as fresh vegetables, fruits, etc., an importer can clear the products prior to completion of the laboratory test with a pre-certification authorization from KFDA. In this case, however, the importer must be able to track distribution of the given product so the products can be recalled should the laboratory test indicate a violation. For more information about KFDA's inspection process, please visit the agency's Internet home-page (<http://eng.kfda.go.kr/index.php>).

Table 4: KFDA Inspection Duration

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

Chart 3: QIA Inspection Procedures on Animal and Animal Products



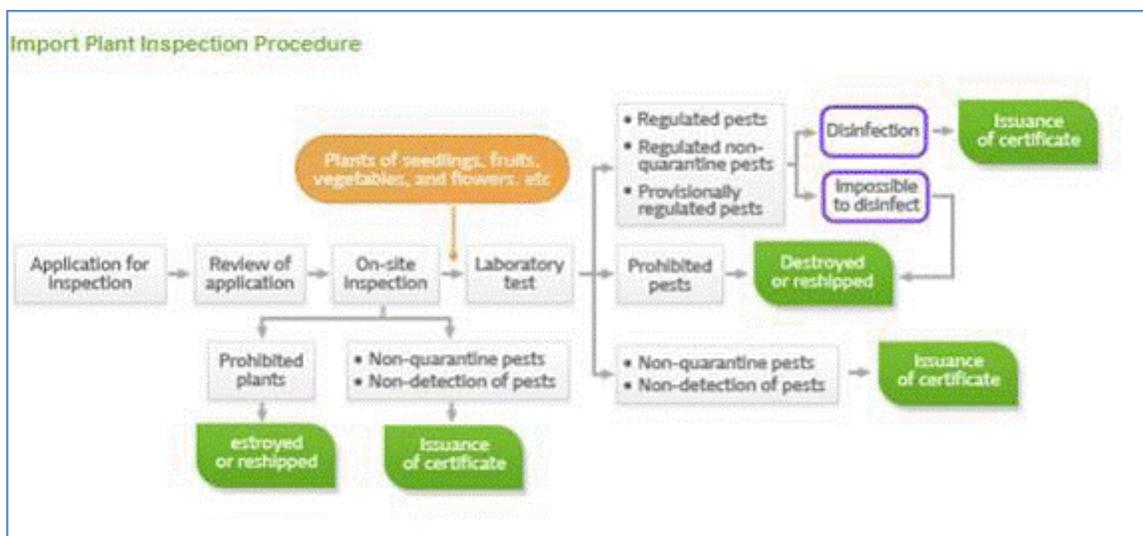
Source: Animal Plant & Fisheries Quarantine Inspection Agency (QIA)

Table 5: QIA Inspection Duration for Animal and Animal Products

Document Inspection	3 days
Visual Inspection	5 days
Laboratory Inspection	18 days
Incubation Test	14 days

For details about quarantine and inspection of animal and animal products, please refer to the English website provided by QIA (<http://www.nvrqs.go.kr/eng/index.asp>)

Chart 4: QIA Inspection Procedures on Plant Products



Source: Animal Plant & Fisheries Quarantine Inspection Agency (QIA)

For details about plant quarantine inspection, please refer to the English website provided by QIA (<http://www.npqs.go.kr/homepage/english/>)

D. Tariffs and KORUS FTA

Korea utilizes a 10 digit Harmonized Tariff Code (HSK), and the local authority maintains an exclusive right to classify an imported product to a specific tariff code. Tariffs charged on imported agricultural and food products vary considerably from product to product. In general, tariff rates are higher for products that are produced domestically (for such products, there might be additional safe guard measures such as Tariff Rate Quotas). Ingredient products and bulk commodity products needed for local industries generally have lower tariffs. Identifying a HSK code particularly for processed products could be a challenge. The Korean Customs Service offers a service through which traders can submit a sample and receive a preliminary ruling on the HSK code classification. Suppliers may contact the USDA/FAS offices in Korea for help in identifying HSK codes and additional measures related to import.

The Korea-United States Free Trade Agreement (KORUS FTA), which is currently pending in the National Assembly of Korea for ratification (the United States Congress ratified the bill on October 13, 2011), will significant reduce tariffs on many American products imported into Korea. The KORUS FTA tariff table (links attached blow) available from USTR web site is a good source to identify current tariff rate as well as the effect of the FTA on tariff reduction.

(1) The USTR web site contains details of the Korea-US Free Trade Agreement information: <http://www.ustr.gov/trade-agreements/free-trade-agreements/korus-fta/final-text>

(2) “Korea Tariff Schedule” Table in the USTR web site: http://www.ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset_upload_file786_12756.pdf
You will find the base tariff rate and the phase out category for all agricultural and food products, organized by HSK code. Phase-out categories include:

A	Immediate tariff elimination	E	6 year
B	2 year phase-out	F	7 year
C	3 year	G	10 year
D	5 year	H	15 year

(3) Please note that some of the agricultural products are subject to safe guard tariffs and tariff rate quota restrictions under the KORUS FTA. The above USTR web site also details these measures by subject product.

(4) The USDA/FAS website also offers detailed information and links to other resources about KORUS FTA: <http://www.fas.usda.gov/itp/us-koreata.asp>

E. Sample Shipments

Shipping small amount of sample product is highly recommended before starting a regular export to Korea as it allows the supplier/importer to test if the product meets the Korean standards. Importers can verify the conformity by having the sample inspected by Korean government accredited test labs. Please note that if the volume or the market value is deemed above sample purpose, the shipment will be subject to regular import requirements. In addition, export sanitary certificates are required for products subject to quarantine inspections (e.g., meat, cheeses) even they are shipped as samples.

F. Trademarks and Patents

New-to-market U.S. exporters should pay attention to protecting the company/product trademarks and patents, which can be easily handled by working with the Korean partner or through local attorneys. The Korea Industrial Property Office is responsible for registration of trademarks and for review of petitions related to trademark registration. In accordance with the Trademark Law, trademarks are registered in Korea on a “first file, first registered” principle. A person who registers a trademark first has a preferential right to that trademark, and Korean law protects the person who has the right over the trademark. To prevent trademark disputes, U.S. companies considering conducting business in Korea are encouraged to register their trademarks as early as possible. For more information, see the Korea Industrial Property Rights Information Service website (<http://eng.kipris.or.kr>).

SECTION V. MARKET SECTOR STRUCTURE AND TRENDS

A. Supply Chain and Product Flow

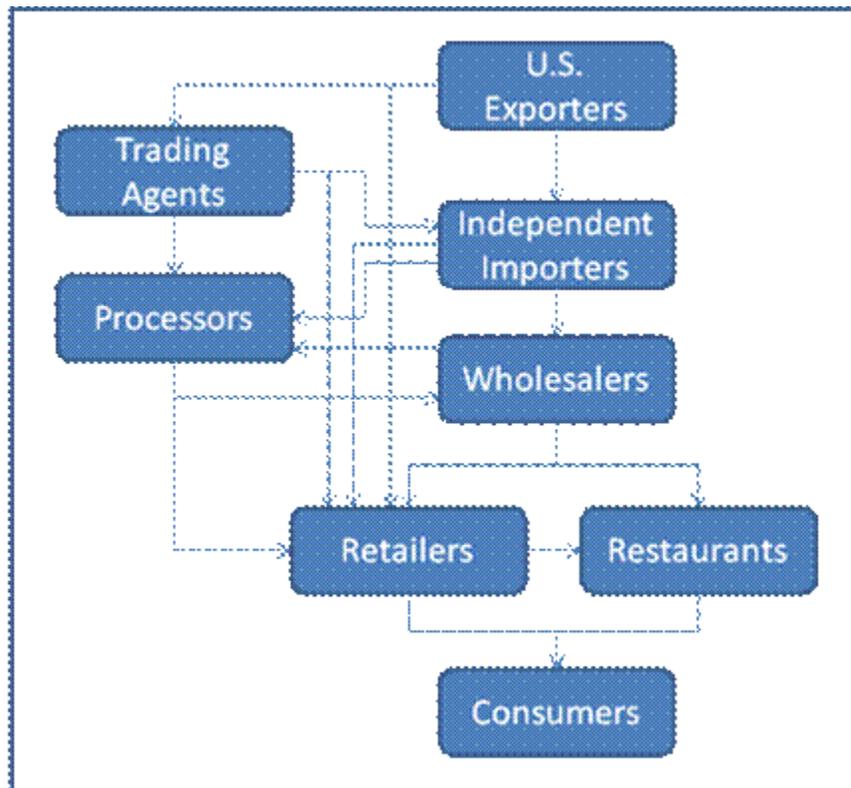
The supply chain for imported agricultural and food products involves multiple layers of middlemen and distributors, which is part reason for high consumer price of many imported products in Korea.

It takes at least two weeks for a container ship from a western American port, and four weeks from an eastern port, to arrive in a port in Korea. In general, most imported consumer ready products enter the country through the port of Busan, the second largest city in Korea at the southeastern tip of the

peninsula. Port of Incheon, which is much closer to the Seoul metropolitan market, is another important entry point. In rare occasions, small-volume-high-value products, such as premium wine and live lobsters, are brought via air cargos through Incheon International Airport (ICN).

The amount of time that the product sits in the port of entry for food safety inspection and customs clearance process varies from one day to a few weeks largely depending on the kind of inspection the product is subject to. The detailed laboratory inspection that all new-to-market products and randomly selected returning products are subject to may take as long as ten working days. In case of live animals, the quarantine sanitary inspection can take more than a couple of months. The documentary inspection, which is allowed on products with previous import records, may be completed within a day or two.

Chart 5: Flow of Imported Food and Agricultural Products



Once the products are cleared from the customs, they are transported to the importer's warehouse for temporary storage. Importers may have warehouses in more than one location. The importer usually supplies directly to the large-scale customer's warehouse but may use wholesalers or independent sales brokers when supplying to small customers or to distant regional markets. Large-scale retailers and franchise food service (restaurant) companies in general operate a network of "distribution-hubs" across the country, each of which services all the branch stores and end-user restaurants in the given regional market. Many importers use third party logistics service providers for warehousing and trucking because of the high overhead cost.

The city of Seoul (capital city of Korea) and its surrounding area within 60 miles radius account for over 50 percent of the total Korean population and 70 percent of total retail sales in Korea. Although

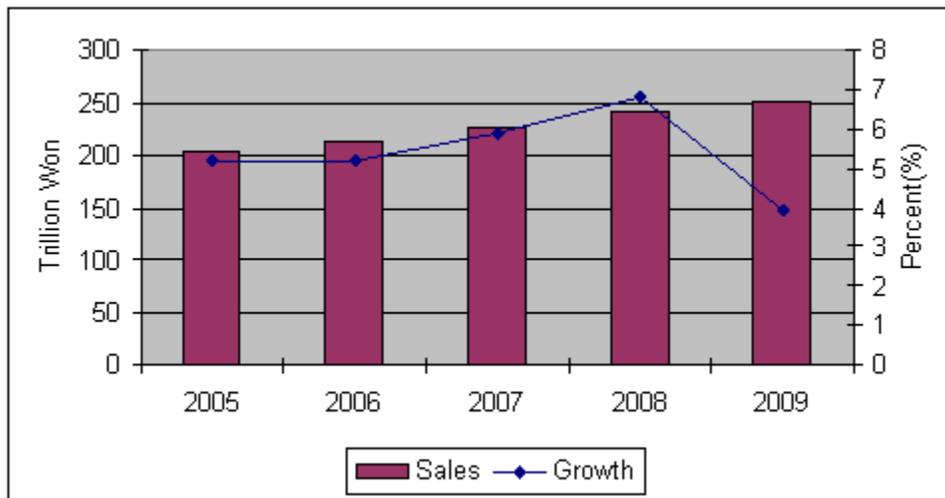
the government maintains a strong policy initiative to develop other regions of the country for balanced growth, Seoul metropolitan area is expected to take even bigger share of the food market sales in Korea in the coming years because it should continue to draw people with jobs and education opportunities. Other markets that are likely to see strong growth include Busan, Incheon, and Daejeon (this city, located in the middle section of the peninsula, has been designated as the new home of the Korean government offices).

B. Retail Food Sector

The retail sector in Korea has evolved dramatically ever since opening of the first hypermarket store in 1993 (E-Mart by Shinsegae Co.) and the liberalization of large-scale retail business to foreign ownership in 1996 (Macro, a Dutch retailer, was the first one to enter the market). Modern format, large-scale retail businesses such as hypermarket chains, grocery supermarket chains, convenience store chains, and on-line retailers have grown rapidly at the expense of traditional retail outlets of street markets and family-operated small retailers over the years. Expansion of these new retail channels, coupled with introduction of new information technologies, has significantly changed the way Korean consumers purchase daily necessities, including food.

Total retail market sales in Korea amounted to W252 trillion Korean won (approximately \$216 billion) in 2009, up 3.9 percent from the previous year. Overall, the Korean economy experienced a slow-down under the global financial crisis from mid 2008 through 2009, and resulted in the lowest growth of the retail sector sales since 1999. However, the economic slow-down took a bigger toll on traditional retailers, while providing an opportunity for modern format, large-scale players to further expand their market shares.

Figure 1: Total Retail Sector Sales in Korea



Source: Retail Industry Sales Statistics, Korea National Statistics Information Service

Hypermarkets, armed with aggressive pricing, one-stop shopping convenience, and efficient product assortment, have stepped up to the largest retail force in Korea since 2002, replacing the former leader, department stores. Hypermarkets accounted for 12.4 percent of overall retail sector sales, or W31.3

trillion in 2009. The sales of hypermarkets is likely to increase further in the coming years as on-going renovation projects of old metropolitan areas as well as development of new residential areas across the country will provide space for a significant number of new stores.

On-line retailers, including internet shopping, TV home-shopping, and catalog shopping businesses, have stepped up to the second largest retail channel in Korea since 2007. Sales of on-line retailers grew 29.2 percent between 2007 and 2009 to take 10.8 percent, or W27.1 trillion of total retail sector sales in 2009. On-line retailers, internet shopping malls in particular, are expected to remain the fastest growing retail channel in Korea for years to come as more and more consumers are attracted to this innovative shopping tool for convenience and price. Korea has the right mix of socio-economic conditions, in particular high population density and high affinity toward new information technology that favor strong growth of on-line retail business.

Department stores and grocery supermarkets maintained a solid growth between 2007 and 2009. In particular, department stores were one of the most successful retail channels under the recent economic slow-down. Leading players in the segment have successfully realigned their market positions with up-scaled store layouts and more luxury product offerings, accurately reflecting the evolving tastes of their target consumers. Grocery supermarkets have found a new growth momentum in recent years with ‘Super Supermarket(SSM)’ business. SSM is a larger-scale grocery supermarket store that targets neighborhood markets in congested residential areas where larger hypermarket stores cannot infiltrate. Despite the protests by independent small grocers and NGO voices, grocery supermarket chains are likely to open more SSM stores in the coming years. Convenience stores also showed an outstanding growth between 2007 and 2009, reflecting busier lifestyle of Korean consumers. Although convenience stores offer very limited product assortment by nature, it is the most wide spread retail channel in Korea today (the number of outlets under the top seven franchises were over 14,000 at the end of 2009). Although on a decline, traditional retailers such as street markets and family-operated small grocers still account for a significant retail force particularly in areas where modern format, large-scale retailers have yet to penetrate.

Table 6: Breakdown of Retail Market Sales in Korea

Segment	2007		2009		Sales Growth
	Sales	M/S	Sales	M/S	
Hypermarkets	W28.4 trillion	12.5%	W31.3 trillion	12.4%	10.2%
On-line Retailers /1	W21.3 trillion	9.4%	W27.1 trillion	10.8%	27.2%
Grocery Supermarkets	W19.6 trillion	8.6%	W22.4 trillion	8.9%	14.3%
Department Stores	W19.0 trillion	8.4%	W21.6 trillion	8.6%	13.7%
Convenience Stores	W4.8 trillion	2.1%	W6.2 trillion	2.5%	29.2%
Others /2	W134.4 trillion	58.9%	W146.2 trillion	56.8%	7.1%
Total	W226.6 trillion	100%	W251.6 trillion	100%	11.0%

Source: Retail Industry Sales Statistics, Korea National Statistics Information Service

/1 On-line shopping in this report refers to Internet shopping, TV home-shopping, catalog shopping, and other types of retailing over communication tools that replace physical stores.

/2 ‘Others’ includes specialty retailers such as automobiles and furniture as well as traditional retailers such as family-operated small grocers and paddlers in the street markets.

Total sales of food products in the retail sector amounted to W56.9 trillion in 2009, up 8 percent from

the previous year. In other words, food products accounted for about 23 percent of overall retail sector sales in Korea. It is notable that the share of food products in the overall retail sector sales continued an increase in recent years.

Figure 2: Sales of Food Products in Retail Sector



Source: Retail Sales Statistics by Category, Korea National Statistics Information Service

Table 7: Breakdown of Monthly Household Expenditure on Grocery Foods

Year	2007		2009	
Number of Household Members	3.27		3.34	
Item	Amount	Share	Amount	Share
Grains	W23,434	8.2%	W21,971	7.2%
Processed Grains	W11,875	4.2%	W14,774	4.8%
Bakery & Rice Cakes	W14,361	5.0%	W18,019	5.9%
Meat	W37,859	13.3%	W43,938	14.3%
Processed Meat	W7,250	2.5%	W7,922	2.6%
Fresh Seafood	W21,905	7.7%	W21,542	7.0%
Salted Seafood	W6,371	2.2%	W6,432	2.1%
Other Processed Seafood	W5,433	1.9%	W6,104	2.0%
Dairy & Eggs	W23,267	8.2%	W28,651	9.3%
Oils & Fats	W2,277	0.8%	W2,810	0.9%
Fresh & Processed Fruits	W33,378	11.7%	W35,377	11.5%
Fresh & Processed Vegetables	W33,387	11.7%	W31,310	10.2%
Fresh & Processed Seaweeds	W6,441	2.3%	W3,885	1.3%
Confectioneries & Snacks	W16,496	5.8%	W19,891	6.5%
Spices & Seasonings	W10,300	3.6%	W11,024	3.6%
Other Processed Foods	W8,584	3.0%	W8,676	2.8%
Coffee & Tea	W5,174	1.8%	W6,109	2.0%
Juice & Beverages	W9,776	3.4%	W9,828	3.2%
Alcohol Beverages	W7,342	2.6%	W8,347	2.7%
Total	W284,910	100%	W306,610	100%

Source: Monthly Household Spending, Korea Statistics Information Service

Grocery supermarkets were the leading retail channel for food products with an estimated W19.2 trillion

of food sales in 2009, followed by hypermarkets. Despite the rapid growth, on-line retailers still offer a very limited assortment of food products. However, sales of food products through on-line retailers are likely to increase rapidly in the coming years because most of the leading off-line retail companies, in particular grocery supermarkets and hypermarket chains, are currently making heavy investment into on-line stores.

Table 8: Estimated Sales of Food & Agricultural Products by Retail Channel

Year 2009	Estimated Share of Food Products in Store Sales	Total Food Sales
Grocery Supermarkets	85.6 %	₩19.2 trillion
Hypermarkets	51.5 %	₩16.1 trillion
Convenience Stores	50.0 %	₩3.1 trillion
Department Stores	11.7%	₩2.5 trillion
On-line Retailers	9.0%	₩2.4 trillion
Others	N/A	₩13.6 trillion
Total		₩56.9 trillion

Source: Monthly Household Spending, Korea Statistics Information Service

Rapid expansion of modern format, large-scale retailers has heightened the competition in the sector, resulting in mergers and acquisitions (M&A) not only of small, regional retailers by larger national retailers but also consolidations among large retailers. For example, Lotte Shopping Co. acquired 14 hypermarkets and 3 department stores from GS Mart in 2009. Lotte Shopping Co. also acquired Buy The Way in 2009, a national convenience store chain that operated 1,231 outlets. Industry analysts forecast that consolidation trend will continue in the industry as leading players strive to achieve dominant control of the market. Part of the force behind consolidation trend is leading players' strategy to achieve a 'horizontally integrated' retail force that encompasses the whole spectrum of retail business. For example, both Shinsegae Co. and Lotte Shopping Co., the top two retail conglomerates in Korea, now operate almost all available formats of retail business from convenience stores to grocery supermarkets, department stores, outlet malls, hypermarkets, and on-line shopping businesses. Expanding into foreign markets has been another area that leading Korea retailers have also invested heavily in recent years in an effort to find new growth opportunity. For example, Lotte Mart, which currently operates 88 hypermarket stores in Korea, has increased its stores in foreign markets to 105 as of January 2011, including 81 in China.

Korean retailers in general rely heavily on independent importers for imported food and agricultural products. Although leading players are currently seeking ways to increase direct importing for lower cost and improved product assortment, their attention is mainly targeted on a limited number of large volume products such as fresh oranges and walnut because of lack of experience and expertise. On the other hand, retailers of international origin, Costco Wholesale Korea in particular, procure a larger part of the imported products that they sell directly through their international sourcing networks. Leading retailers maintain heavy efforts to expand private label brand (PB) business on both local and imported food and agricultural products for higher profit and customer loyalty.

Growth of modern retail business in Korea has coincided with development of modern large-scale logistics service industry. Leading retailers are equipped with temperature controlled distribution network of trucks and warehouses that cover the entire market. On the other hand, small to medium

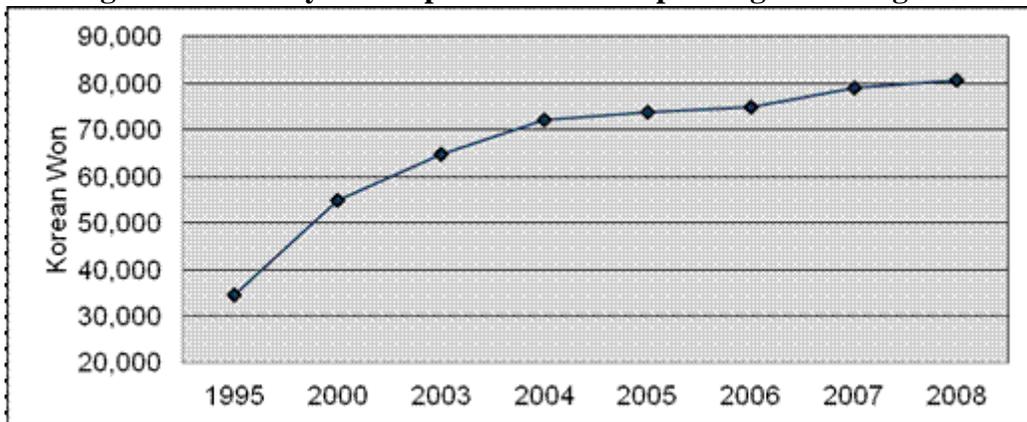
size retailers in general rely on third party logistics service providers. Logistics service industry is likely to continue a rapid growth in the coming years particularly due to a rapid rise in demand for home delivery service, which is now widely offered not only by on-line retailers but also by conventional retail stores.

For further detailed information about the retail food sector in Korea, please refer to the [Korea Retail Food Sector Biennial Market Brief 2011](#), KS1108 dated February 15, 2011.

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

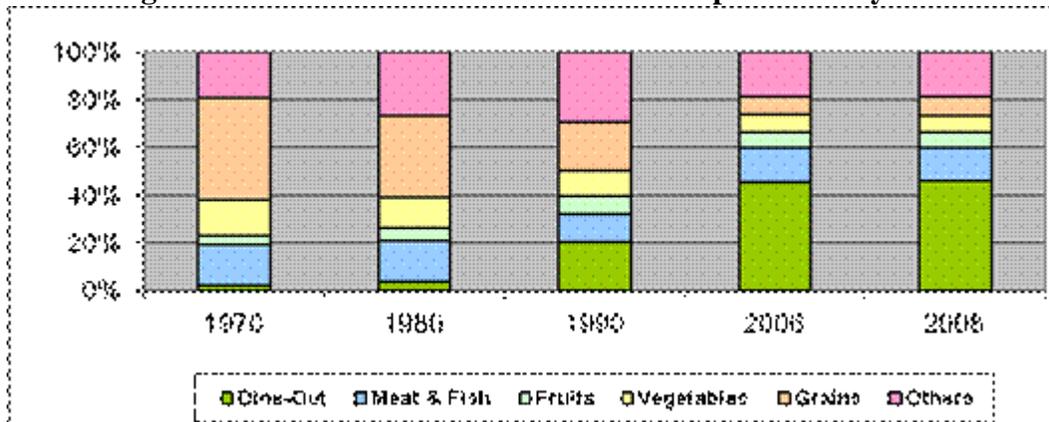
Changes in lifestyle and dietary culture coupled with increased consumer income level stimulated a rapid growth of the food service sector in Korea. Monthly per capita spending on eating outside the home has more than doubled in the last ten years, reaching W 80,780 in 2008. In other words, each Korean spent 46 percent of his/her food expenditure, or 12 percent of total consumption expenditure on dining out. It is expected that dining out will remain a key part of consumer spending in the coming years partly due to a rapid increase of single-member households and dual-income families.

Figure 3: Monthly Per Capita Household Spending on Dining-Out



Source: Household Monthly Expenditure Survey, Korea National Statistics Office

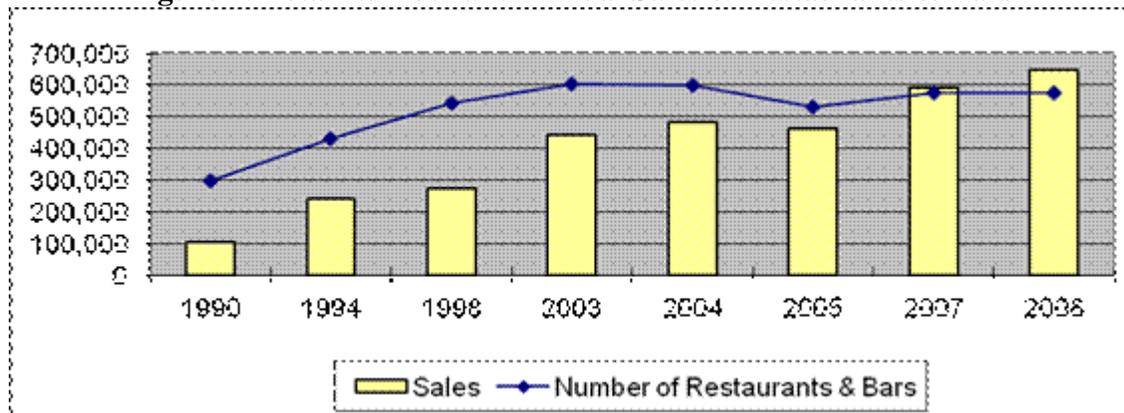
Figure 4: Breakdown of Household Food Expenditure by Item



Source: Household Monthly Expenditure Survey, Korea National Statistics Office

According to the Korean government statistics, the food service sector earned W64.7 trillion of cash register sales in 2008, up 9 percent from the previous year. The restaurant business was restricted by law to individuals and small businesses up until mid 1990's. In addition, the restaurant sector was a major refuge to many of those people who lost corporate jobs during and aftermath of the Asian economic crisis in late 1990's. As a result, the sector has been largely composed of small-scale, family-operated businesses, as evidenced by the fact that 90 percent of restaurants and bars in Korea were small businesses that hired less than five employees as of 2008. In addition, 41 percent of restaurants and bars made less than W50 million of annual cash-register sales. However, market analysts point out that the sector has finally reached a saturation point in terms of the total number of restaurants and bars, as indicated by the stagnant growth of the number since 2003.

Figure 5: Total Number and Annual Sales of Restaurants & Bars



Source: Restaurant Industry Statistics, Korea National Statistics Information Service

Note: Sales Unit W100 million

Restructuring of the sector, mainly fueled by increased competition from government deregulation that allowed large conglomerates into the food service business, has led to a rapid growth of large-scale restaurants under franchise management at the expense of small-scale, family-operated establishments. Retail sector, armed with HMR (Home Meal Replacement) products, has also emerged as another competitor to restaurants. The total number of restaurants and bars in the sector is likely to be on a gradual decline in the coming years.

Evolving tastes of Korean consumers have also brought significant changes to the sector in terms of recipes, products, and services offered. Consumers are seeking more new and international tastes while becoming more concerned about the quality, safety, and “well-being” aspect of foods that they eat in restaurants. Diversification and differentiation have emerged as key words in the sector due to elevated competition. It is not surprising to observe that most of the newly open restaurants take fully different approach to recipes and store design from existing ones next door.

Streamlining of the product supply chain is another area in which the sector has made a significant progress in recent years. Although traditional multi-layered supply chain, comprised of wet-markets and small-scale wholesalers, still remains a dominant production distribution channel for independent, family operated small restaurants and bars, large-scale ‘one-stop, broad-line’ service distributors are growing rapidly along with the growth of large-scale restaurants under franchise operation.

The evolution of the food service sector is creating growing demand for imported products that offer new and healthy recipes, value price, stable supply capacity, and added-value for labor saving, characteristics where U.S. products are competitive.

For further detailed information about the HRI food service sector in Korea, please refer to the [Korea HRI Food Service Sector Biennial Market Brief 2010](#), KS1005 dated March 9, 2010.

D. Food Processing Sector

Korea maintains a strong processing industry that manufactures a wide variety of processed agricultural and food products. Many of the Korean conglomerate business groups have an agriculture/food processing business, and more of the Korean processors are trying to expand their sales to foreign markets. Korean government is also providing the industry with a financial and promotional support under “globalization of Korean cuisine” campaign. However, the local processing industry relies heavily on imported products for raw materials, intermediate ingredients, and additives because of limited local resources. As a result, Korea is an outstanding buyer for almost all types of agricultural products for processing use from basic commodities such as corn, soybeans, wheat to intermediate ingredients such as hides, oils, whey powder, fruit juice concentrate to food additives such as flavors, coloring agents, and preservatives. There were a total of 4,061 agriculture/food processing businesses that hired 10 or more employees in Korea at the end of 2008, which generated an estimate of 56 trillion won of cash register sales.

Table 9: Korea’s Self-sufficiency Rate for Food Grain (2007)

	Total	Rice	Barley	Wheat	Corn	Soy Beans	potatoes	Others
A	27.2%	95.8%	48.3%	0.2%	0.7%	11.1%	98.4%	9.8%
B	51.6%	95.8%	52.3%	3.2%	3.2%	34.5%	109.1%	10.4%

A: self-sufficiency Ratio including feed

B: self-sufficiency Ratio for food only

Source: Food, Agriculture, Forestry and Fisheries Statistical Yearbook 2009

Table 10: Gross Output by Agriculture & Food Processors with 10 or more Employees (2008)

Product Segment	Value of Production (Billion won)	Number of Employees
Processed Meat	7,408	25,610
Processed Fish and Seafood	3,076	22,481
Processed Fruits and Vegetables	1,851	13,484
Fats and Oils	2,507	2,470
Dairy and Ice cream	5,863	9,530
Grain processing and Starch	4,324	7,198
Other Processed Foods	14,606	59,303
Feed processing	7,918	7,560
Alcoholic Beverages	4,585	6,478
Non-alcoholic beverages	3,494	6,470
Total	55,632	160,584

Source: Report on Mining and Manufacturing Survey, Korea National Statistics Information Service

It is notable that the local processing industry is led by a small number of large-scale players, as indicated by the fact that only 14 out of the 4,061 processors had over 500 employees.

Table 11: Employment Size of Agriculture & Food Manufacturers (2007)

Number of Employees	Number of Processors
10-19	1,985
20-49	1,324
50-99	448
100-199	206
200-299	56
300-499	28
500 and Over	14
Total	4,061

Source: Report on Mining and Manufacturing Survey, Korea National Statistics Information Service

For further detailed information about the food processing sector in Korea, please refer to the [Korea Food Processing Ingredients Sector Biennial Market Brief 2010](#), KS1004 dated March 12, 2010.

SECTION VI. KOREA'S AGRICULTURAL & FOOD IMPORTS

A. Agricultural & Food Import Statistics

[Monthly updated statistics of Korea's agricultural and food imports](#), organized by a 4-digit HS code based on the Korea Trade Information Service (KOTIS) database is available from the ATO Seoul's Internet home-page (www.atoseoul.com).

B. Best High-value, Consumer-oriented Product Prospects

Product Category	HS Code	2010 Imports (\$ Mil) from Total USA	3 Yr. Avg. Annual Import Growth Total USA	Import Tariff Rates /1	Key Constraints over Market Development	Market Attractiveness for U.S. Suppliers
Beef	0201-0202	1,080 395	4% 35%	40%	High tariffs BSE image	Ban on bone-in beef lifted.
Pork	0203	664 162	-6% -9%	22.5-25%	High tariffs Competition	Strong demand
Poultry	0207	165 72	14% 9%	18-27%	Competitors' lower price	Strong demand

Fish, Frozen	0303	1,167 60	8% 1%	10- 63%	Competitors' lower price	Strong demand
Cheese & Curd	0406	259 76	3% 12%	36%	High tariffs EU suppliers	Competitive price, quality
Nuts	0802	143 136	18% 20%	8-50%	High tariffs	Dominant presence
Citrus	0805	148 140	6% 6%	30- 50%	High tariffs Sanitation	Dominant presence
Grapes	0806	91 17	6% 9%	21- 45%	High tariffs Chile	Good quality
Cherries, Fresh	0809.20	33 31	1% 2%	24%	High tariffs Short shelf life	Good quality
Coffee	0901	372 25	9% 9%	2-8%	Competition	Strong demand
Soybean Oil	1507	290 48	-5% -14%	5.4%	Competition	Good quality
Sausages & Similar Products	1601	22 20	2% 3%	18- 30%	High tariffs	Competitive price, quality
Sugar Confectionery	1704	72 11	4% 3%	8%	Competition	Good quality and creative products
Chocolate & Food Preparation	1806	189 65	8% 20%	8-40%	Competition	Good quality
Bread, Pastry, Cakes, etc.	1905	148 38	-1% -5%	8%	Competition	Good quality
Processed Vegetables & Fruits & Juices	2001- 2009	640 180	0% 4%	5-50%	High tariffs Competitors' lower price	Good quality
Sauces & Preparations	2103	162 21	3% 3%	8-54%	High prices Additives	Good quality
Food Preparations	2106	570 256	10% 19%	8-30%	Competition Strong local production	Strong demand
Mineral Water, Flavored	2202	34 22	1% 0%	8%	Strong local production	Good quality
Wine	2204	113 11	-11% -11%	15%	Competition High prices	Good quality

/1 For specific tariff rates for individual products in the category, please contact ATO Seoul.

SECTION VII. 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, 146-1, Susong-dong, Jongro-gu, Seoul, Korea

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

Telephone: +82-2 397-4188 Fax: +82-2 720-7921

E-mail: atoseoul@fas.usda.gov

Internet homepage: www.atoseoul.com

Agricultural Affairs Office, U.S. Embassy Seoul (AAO)

Korean Address: U.S. Embassy, 82, Sejong-ro, 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, 146-1, Susong-dong, 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. USDA/FAS' On-line Supplier List

The United States Department of Agriculture's Foreign Agricultural Service (USDA/FAS) offers information and services that can be beneficial to both new and experienced exporters. For example, the U.S. Suppliers Service is a searchable database of over 5,000 U.S. exporters and their products, which is used by USDA/FAS to help facilitate connecting potential buyers with U.S. suppliers. This database is used by more than 85 USDA/FAS Overseas offices to help export agents, trading companies, importers and foreign market buyers locate U.S. suppliers. It is also used to recruit U.S. exporters to participate in market development activities sponsored by USDA and federal export programs.

You can register online for this service at

http://www.fas.usda.gov/agx/partners_trade_leads/us_suppliers_list.asp

C. Strategic Trade Regional Groups (STRG)

For information about financial supports and export aid programs offered by Strategic Trade Regional Groups, please contact:

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

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

Food Export USA - Northeast Region of the United States
150 S. Independence Mall West, 1036 Public Ledger Building, Philadelphia, PA 19106, USA
Telephone: 215-829-9111 Fax: 215-829-9777
E-mail: jcanono@foodexportusa.org
Website: www.foodexportusa.org

Southern United States Agricultural Trade Association (SUSTA)
2 Canal Street Suite 2515, New Orleans, LA 70130, USA
Telephone: 504-568-5986 Fax: 504-568-6010
E-mail: jim@susta.org
Website: www.susta.org

D. 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: www.buyusa.gov/korea

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: #4501 Trade Tower, 159-1 Samsung-dong, Gangnam-gu, Seoul, Korea
Telephone: +82-2 564-2040 Fax: +82-2 564-2050
E-mail: amchamrsvp@amchamkorea.org
Homepage: www.amchamkorea.org

3. American State Offices in Korea (ASOK)

Fairfax County Economic Development Authority (FCEDA) VA, USA

Representative: Mr. Charles Kim
Garden5 Works A-618, 289 Munjeong-dong
Songpa-gu, Seoul 138-200, Korea
Phone: 82-2-774-0601 Fax: 82-2-774-6646
E-mail: fairfaxkorea@fceda.org Website: www.fairfaxcountyeda.org

State of Georgia Korea Office
Representative: Mr. Peter Underwood
5-23, Hyochang-dong, Yongsan-gu, Seoul 140-121, Korea
Tel: 82-2-701-3222 Fax: 82-2-701-9858
E-mail: punderwood@georgia.org Website: www.global-georgia.org

Idaho State Representative Office Seoul Korea
Representative: Mr. Woo-Joo Chang
Rm. 1207, Woosung Character 199 Bldg.
467-24, Dogok-dong, Kangnam-gu, Seoul 135-270, Korea
Tel: 82-2-753-7750 Fax: 82-2-561-6921
E-mail: kabifj@unitel.co.kr

The Port of Los Angeles Korea Office
Representative: Mr. Keun-Ho Park
Rm. 2401, 24th Fl., Janggyo Bldg.,
1, Jangkyo-dong, Jung-gu, Seoul 100-760, Korea
Tel: 82-2-720-8590 Fax: 82-2-720-1886
E-mail: khpark@dolship.co.kr Website: www.portoflosangels.org

Missouri Trade & Investment Office – Korea
Representative: Ms. Hyun-Sook Kim
COEX World Trade Center, Rm. 422
159 Samsung-dong, Kangnam-gu, Seoul 135-731, Korea
Tel: 82-2-6000-3990 Fax: 82-2-6000-3993
E-mail: hskim@impex.or.kr Web Site: www.ded.mo.gov, www.mda.mo.gov

North Carolina State & Ports Authority
Representative: Mr. Sung-Hoon Bae
Pos-Hometown 308-302, Bojeong-dong,
Giheung-gu, Yongin, 446-756, Korea
Tel: 82-2-6000-2250 Fax: 82-31-889-9568
E-mail: shbae@ncstate.or.kr website: <http://www.ncstate.or.kr>

State of Oklahoma Korea Office
Representative: Mr. Jin-Sook Kim
15-16, Yoido-dong, Youngdungpo-gu, Seoul 150-010, Korea
Tel: 82-2-784-2225 Fax: 82-2-784-2256

E-mail: Jin_Kim@okcommerce.gov Website: www.ok-topia.com

Korea Representative Office, State of Oregon
Representative: Dr. Jin-Won (Jim) Kim
Suit 1301, Samyung Bldg., Sokong-dong 70
Chung-gu, Seoul 100-070, Korea
Tel: 82-2-753-1349 Fax: 82-2-753-5154
E-mail: oregonkorea@kornet.net Website: www.oregonkorea.org

Commonwealth of Pennsylvania Korea Office
Representative: Mr. Ken Yang
7th Fl., Yulchon Bldg.,
24-1, Yoido-dong, Youngdungpo-gu, Seoul 150-877, Korea
Tel: 82-2-786-7701 Fax: 82-2-786-7704
E-mail: kyang@pennsylvania.or.kr Website: www.pennsylvania.or.kr

South Central Kentucky Korea Office
Representative: Mr. Sung-Duck Oh
102-1601, Hyundai Hometown
600-15, Dukso-ri, Wabu-eup, Namyangju-si, Gyeonggi-do 472-945, Korea
Tel: 82-31-521-8426 Fax: 82-31-516-0426
E-mail: indiace@unitel.co.kr Website: www.southcentralky.com

State of Utah Korea Office
Representative: Ms. Hyun-Sook Kim
KWTC P.O.Box 73
159, Samsung-dong, Kangnam-gu, Seoul 135-650, Korea
Tel: 82-2-6000-3991 Fax: 82-2-6000-3993
E-mail: hskim@impex.or.kr Website: www.international.utah.gov

Virginia Port Korea Office
Representative: Mr. Sang-Yong Lee
Rm.1807 Trade Tower, Samsung 1-dong
Kangnam-gu, Seoul 135-729, Korea
Tel: 82-2-739-6248 Fax: 82-2-739-6538
E-mail: slee@vit.org , slee@portofvirginia.com Website: www.vit.org

APPENDIX. KEY SOCIO-ECONOMIC INFORMATION OF KOREA

Item	Description
Location	Eastern Asia, southern half of the Korean Peninsula bordering the East Sea (Sea of Japan) and the Yellow Sea
Geographic	37 00 N, 127 30 E

coordinates	
Area	Total: 99,720 sq km - Country comparison to the world: 109th (slightly larger than State of Indiana)
Coastline	2,413 km
Climate	Temperate, with rainfall heavier in summer than winter
Terrain	Mostly hills and mountains; wide coastal plains in west and south
Natural resources	Coal, tungsten, graphite, molybdenum, lead, hydropower potential
Land use	Arable land: 16.58%
	Permanent crops: 2.01%
	Other: 81.41% (2005)
Natural hazards	Occasional typhoons bring high winds and floods; low-level seismic activity common in southwest
	Volcanism: Halla (elev. 1,950 m) is considered historically active although it has not erupted in many centuries
Ethnic groups	Homogeneous (except for about 20,000 Chinese)
Religions	Christian 26.3% (Protestant 19.7%, Roman Catholic 6.6%), Buddhist 23.2%, other or unknown 1.3%, none 49.3% (1995 census)
Languages	Korean, English (widely taught in junior high and high school)
Population	48,754,657 (July 2011 est.) - country comparison to the world: 26th
Age structure	0-14 years: 15.7% (male 3,980,541/female 3,650,631)
	15-64 years: 72.9% (male 18,151,023/female 17,400,809)
	65 years and over: 11.4% (male 2,259,621/female 3,312,032) (2011 est.)
Population growth	0.23% (2011 est.) - comparison to the world: 177th
Urbanization	Urban population: 83% of total population (2010)
Metropolitan cities populations	SEOUL (capital) 9.778 million; Busan (Pusan) 3.439 million; Incheon (Inch'on) 2.572 million; Daegu (Taegu) 2.458 million; Daejon (Taejon) 1.497 million (2009)
Life expectancy at birth	Total population: 79.05 years
Literacy	Definition: age 15 and over can read and write
	Total population: 97.9%
	Male: 99.2%
	Female: 96.6% (2002)
Capital	Name: Seoul
	Geographic coordinates: 37 33 N, 126 59 E
	Time difference: UTC+9 (14 hours ahead of Washington, DC during Standard Time)
Administrative divisions	9 provinces (do, singular and plural) and 7 metropolitan cities (gwangyoksi, singular and plural)
	Provinces: Chungcheong-bukto (North Chungcheong), Chungcheong-namdo (South Chungcheong), Gangwon, Gyeonggi, Gyeongsang-bukto (North Gyeongsang), Gyeongsang-namdo (South Gyeongsang), Jeju, Jeolla-bukto (North Jeolla), Jeolla-namdo (South Jeolla)
	Metropolitan cities: Busan (Pusan), Daegu (Taegu), Daejon (Taejon),

	Gwangju (Kwangju), Incheon (Inch'on), Seoul, Ulsan
Independence	15 August 1945 (from Japan)
Legal system	Mixed legal system combining European civil law, Anglo-American law, and Chinese classical thought Elections: president elected by popular vote for a single five-year term; election last held on 19 December 2007 (next to be held in December 2012); prime minister appointed by president with consent of National Assembly
International organization participation	ADB, AFDB (nonregional member), APEC, ARF, ASEAN (dialogue partner), Australia Group, BIS, CD, CICA, CP, EAS, EBRD, FAO, FATF, G-20, IADB, IAEA, IBRD, ICAO, ICC, ICRM, IDA, IEA, IFAD, IFC, IFRC, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC, LAIA (observer), MIGA, MINURSO, NEA, NSG, OAS (observer), OECD, OPCW, OSCE (partner), Paris Club (associate), PCA, PIF (partner), SAARC (observer), UN, UNAMID, UNCTAD, UNESCO, UNHCR, UNIDO, UNIFIL, UNMIL, UNMOGIP, UNOCI, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO, ZC
GPD (purchasing power parity)	\$1.459 trillion (2010 est.)
GDP (actual exchange rate)	\$1.007 trillion (2010 est.)
GDP composition by sector	Agriculture: 2.6% Industry: 39.3% Services: 58.2% (2010 est.)
Labor force	24.75 million (2010 est.)
Unemployment	3.7% (2010 est.)
Household income or consumption by	Lowest 10%: 2.7% Highest 10%: 24.2% (2007)
Distribution of family income - Gini index	31.4 (2009)
Inflation rate	3% (2010 est.)
Commercial bank prime lending rate	5.508% (31 December 2010 est.)
Agriculture - products	Rice, root crops, barley, vegetables, fruit; cattle, pigs, chickens, milk, eggs; fish
Industries	Electronics, telecommunications, automobile production, chemicals, shipbuilding, steel
Current account balance	\$36.35 billion (2010 est.)
Exports	\$464.3 billion (2010 est.)
Exports - commodities	Semiconductors, wireless telecommunications equipment, motor vehicles, computers, steel, ships, petrochemicals
Exports - partners	China 27.9%, US 10.2%, Japan 5.8% (2010)
Imports	\$422.4 billion (2010 est.)

Imports - commodities	Machinery, electronics and electronic equipment, oil, steel, transport equipment, organic chemicals, plastics
Imports - partners	China 17.9%, Japan 16.2%, US 10.1%, Saudi Arabia 5.2%, Australia 4.9% (2010)
Exchange rate	South Korean won (KRW) per US dollar -
	1,153.77 (2010)
	1,276.93 (2009)
	1,101.7 (2008)
	929.2 (2007)
	954.8 (2006)

Source: The CIA World Factbook (www.cia.gov)