The Korean Market
‘North Asia’s Hidden Gem’

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Overview

• Economic
• Political
• Demographics
• Market structure
• Consumer trends
• Export opportunities
The Rise of the Korean Economy

• Export-focused economic transformation (1960’s-today)

• Exports account for half of country’s GDP ($1.6 trillion)

• Household brands: LG, Samsung, KIA, and Hyundai

• FTA focus over last decade
  ✓ Implemented: US, EU, Chile, Peru, etc.
  ✓ Under negotiation: Canada, Mexico, China, Japan, Australia, New Zealand, etc.
Emerging Economic Powerhouse

- Hosted 2010 G20 Summit
- 13th largest economy: $1.6 trillion  [US - $15.7 trillion]
- 2013-14 GDP real growth rate: 2.8% and 3.8%
- Per capita income: $32,400  [US - $49,800]
- 1988 Summer Olympics / 2018 Winter Olympics
- World leaders: Ban Ki Moon, UN Secretary General Jim Yong Kim, World Bank President
Political Landscape

• President Park, Guen-He assumes office on February, 25

• Park administration taking shape

• Proposed restructuring of Ministries

• DPRK
Demographics

- ~50 million people
- Top 10 most densely populated countries
- Population growth rate declining
- Aging society: 5.4 m 65yrs+
- Heavy focus on education
- Tech-oriented population
Market Structure – New Vs Old

Where is food sold?

- Traditional – 24% (declining)
- Supermarkets – 34%
- Hypermarkets – 29%
- Dept. Stores – 4%
- On-line – 4% (growing rapidly)
Costco Model a Huge Success
Technology Redefining the Marketplace
Shopping on the Go!
Sophisticated Korean Consumers

• Health conscious – diet, exercise, hiking, marathon

• Food safety is a top priority

• Origin critical factor in making food purchases (US vs PRC)
  ✓ Gov’t mandated traceability for local and imported food

• Functional, organic and natural foods are popular

• Rising demand for int’l foods > more western restaurants

• Dining out accounts for roughly half of food expenditures
Diversified Tastes

Composition of Household Food Expenditure

- 1970
- 1980
- 1990
- 2006
- 2008
- 2010
- 2011

Legend:
- Dine-out
- Meat & Fish
- Fruits
- Vegetables
- Grains
- Others
Market Opportunities

• Heavy dependence on imported agricultural products.

• Korea imported $31 billion worth of ag imports in 2012.

• US #1 supplier with 22% ($6.6 billion) market share. China 13%, EU 8% and Brazil 7%.

• Top 5 U.S. imports: rough grains (corn), hides and skins, wheat, red meat, feeds and fodder (alfalfa and grass hay).

• Hot prospects: fresh fruit, tree nuts, dairy products, fruit and vegetable juices, snack foods, other consumer-oriented products, etc.
Korea Ag, Fish & Forestry Imports

Composition of 2012 Imports:
- Bulk - 30%
- Consumer Oriented - 30%
- Intermediate - 20%
- Forest Products - 8%
- Seafood - 11%

US Market Share:
- 2008: 28% US Market Share
- 2009: 24%
- 2010: 26%
- 2011: 24%
- 2012: 22%
Lemons: 30% base >> 0% as of this year.
Oranges: 2,575 MT seasonal (Sep-Feb) TRQ. Mar-Aug duty is 25%.
Grapefruit: 30% base phased out over 5 yrs; current duty 18%. Duty free by 2016.
Cherries: 24% base rate >> 0%  Grapes: out of season 18%; in season 39.8%.
Blueberry Fever
90% of Imported Nuts: Almonds & Walnuts
Nearly all U.S. Origin

- Almonds shelled/in-shell: 8% base >> 0% duty.
- Walnuts in-shell: 45% base phased out over 15 yrs; current duty is 39%. Duty free ‘26.
- Walnuts shelled: 30% base phased out over 6 yrs; current duty is 20%. Duty free ‘17.
Other ‘Nutty’ Opportunities

- Cashews shelled/in shell: 8% base >> 0% duty
- Pistachios: 30% base >> 0% duty
- Pecans: 30% base phased out over 7 yrs; current duty is 21%. Duty free in 2018.
- Macadamia: 30% base phased out over 7 yrs; current duty is 21%. Duty free in 2018.
US Leading Cheese Supplier
Half of US Cheese Imports is Mozzarella

- CY13 cheese TRQ: 7,210 MT.
- Cheese tariffs range from 29-31% with gradual phase outs.
- All U.S. cheeses will enter duty free by 2026.
Pizza Time
For more info visit: www.seoulfoodnhotel.co.kr
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