South Korea: Agricultural Situation & Market for the United States

Michael Fay
U.S. Agricultural Trade Office

Seoul Food & Hotel 2011
Seoul, Korea
April 25, 2011
Geography

- Size roughly equal to the state of Indiana
- Only land border to the North; Surrounded by water on three sides
- Mountainous with no extensive plains; only 19.7% arable
Demographics

- Homogeneous
- 50 million people
- Population growth rate declining
- One of the world’s most densely populated countries
- Rapid urbanization
- 1/3 Christian, 1/3 Buddhist, 1/3 non-affiliated
Agricultural Production

- Small farm size (3.6 ac)
- 1.2 mil farm households including 693,000 fulltime
- Agriculture accounts for only 2.5% of GDP
- Agricultural products: rice, root crops, barley, vegetables, fruit, cattle, pigs, chickens, milk, eggs and fish.
Farm Foundation Shrinking

- Number of farms is estimated to continue to drop
- Cultivated area is estimated to drop
- Food demand is expanding
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Economy

- 2010 GDP growth is 6.2%
- Exports: demand in major markets
- 2010 Domestic Consumer Demand-up.
- Export Demand-up
- Unemployment, Debt relatively high.

U.S. Recovery But Uncertain Global Conditions

Exports Main Pillar of Korean Economy

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Economic Performance

- GDP (US$ bil., current prices, PPP)
- Real Growth Rate (%)
- Forecast
Consumption

- Increased affluence
- More women in the workforce
- Well-traveled younger generation
- Increased demand for international flavors
- More western style family restaurants
Retail Market Structure

- **Food Sales**
  - Traditional – 23.9%
  - Supermarkets – 33.7%
  - Hypermarkets – 28.7%
  - Dept. Stores – 4.4%
  - On-line – 4.2%

- On-line sales growing rapidly, 27.2% growth.
Trade

- Top four trading partners: China, United States, Japan and Hong Kong
- Major exports: semiconductors, wireless telecommunications equipment, motor vehicles, computers, steel, ships and petrochemicals.
Total Korean Agricultural Imports

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Agriculture: Exports

- Main agricultural exports: leather, seafood, cigarettes, snack foods, noodles, beverages and kimchi.
- In 2010, total value of ag exports $5.6 bil.
- Represents 1.2% of total Korean exports.
Agriculture: Imports

- In 2010, South Korea imported $23.8 billion worth of agricultural products
- 25.7% from the U.S.
- Main Ag. imports: corn, wheat, hides, soybeans, hay, pork, beef and citrus
Total Agricultural Imports
Intermediate & C-O values off sharply in 2010

Billion U.S. Dollars

- Bulk
- Intermed
- C-O
- Forest
- Seafood

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Agriculture: Market Access

U.S. Export Successes:
- $6.1 billion in ‘10
- #5 Consumer-Oriented ($1.8 billion)
- #4 Beef
- #5 Pork
- #8 Dairy Products
- #3 Coffee

U.S. Export Challenges:
- Biotech
  - Approvals
  - Documentation
  - Labeling
- Children’s Food Act
  - No sale of high cal/low nutrition in schools
- Organic: ROK Accreditation 2012
Agriculture: Market Access

Korea-U.S. Free Trade Agreement

- Two-thirds of U.S. farm products become duty free immediately.
- American Farm Bureau Federation predicts agreement, once fully implemented, could provide $1.6 billion in additional U.S. ag exports.
- Supported by more than 40 U.S. agricultural and food associations.
Top Ten Ag. Exporters to Korea

<table>
<thead>
<tr>
<th>Country</th>
<th>CY 2010 Value ($ Billion)</th>
</tr>
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<tbody>
<tr>
<td>U.S.A</td>
<td>6.11</td>
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<tr>
<td>China</td>
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<td>Australia</td>
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<tr>
<td>Brazil</td>
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<td>Malaysia</td>
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<tr>
<td>Canada</td>
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<tr>
<td>Russia</td>
<td>0.62</td>
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<tr>
<td>Viet Nam</td>
<td>0.60</td>
</tr>
</tbody>
</table>
Total Korean Agricultural Imports vs. U.S. Ag. Exports to Korea
Bulk Imports from the U.S.

- U.S. Market Share of Bulk Imports increased from 46.2% to 52.9%. 
Intermediate Imports from U.S.

- U.S. Market Share increased from 15.6% to 18.7%.
Consumer-Oriented Imports from the U.S.

- U.S. Market Share increased from 26.8% to 27.6%.
Best Prospects in Korea for U.S. of Consumer Oriented Products

![Bar Chart]

- Other Nuts
- Cheese
- Poultry
- Chocolate
- Beef, Fresh
- Fruit Juices
- Cherries
- Coffee roasted
- Sauces

$ Million

- CY 2008
- CY 2009
- CY 2010
Food Service Market Structure

- Spending on dining out has more than doubled in the last ten years
  - 46% of food expenditure was spent on dining out (2008)
  - W64.7 trillion of cash register sales (2008)

- Restaurants: Total number peaked in 2003 at 605,000 and now on a decline
  - Large companies are gaining market share at the expense of small-scale, family-oriented restaurants

- Hotels: 553 hotels at the end of 2008 which earned W4.1 trillion, up 44% from 2000 of which food and beverage sales account for about 39%.
Resources

  - Exporter Guide
  - Retail Food Sector Brief
  - Food and Agricultural Import Regulations (FAIRS)
  - Briefs on organic sector, seafood, fresh cherries, avocados, honey, grapefruit, nuts, wine, apples, tomatoes, grain, citrus, potatoes, dairy, beef, pork, chicken, planting seeds, grapes, asparagus, etc.
Upcoming Promotional Opportunities with Seoul ATO

- Seoul Int’l Wine & Spirits Expo 2011 – May
- NRA Show – May 2011 Chicago
- Washington State Wine Expo 2011 - June
- Fancy Food Show Summer – July 2011, Washington DC
- WUSTA Food Service Trade Missions Idaho/Oregon, California/Hawaii 2011– June/July
- USA Organic & Natural Food Expo Seoul – July ATO
- Food ExportUSA Specialty Foods Trade Mission to Seoul 2011 – August
- Busan Int’l Seafood Show 2011 – Nov. ATO/SUSTA
- Boston Seafood Show/SUSTA 2012 – March
- Seoul Food & Hotel 2012 – May
- e-Newsletter in Hangul - 4 times/year
Thanks!

www.FAS.USDA.gov

www.ATOSeoul.com