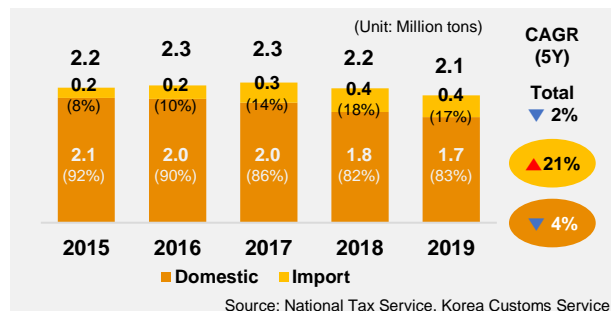


Korea Market Brief

Beer

Beer is the most consumed alcoholic beverage in Korea. Imported beer continues to expand market share.

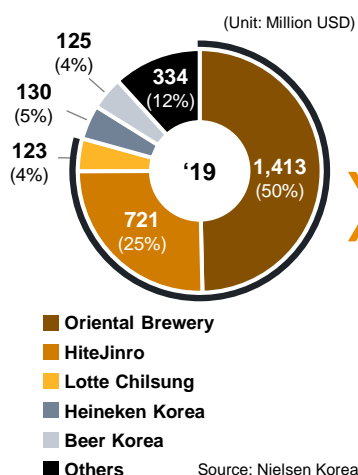


- Large domestic breweries dominate the beer market with an approximate 80% market share.
- Imported beer continues to expand market share due to increased consumer demand for quality, value, diversity, and new taste.

Three domestic breweries (OB, Hite Jinro, and Lotte) focusing on low-price products present strong competition to imported products.

Retail Sales Revenue

(Unit: Million USD)



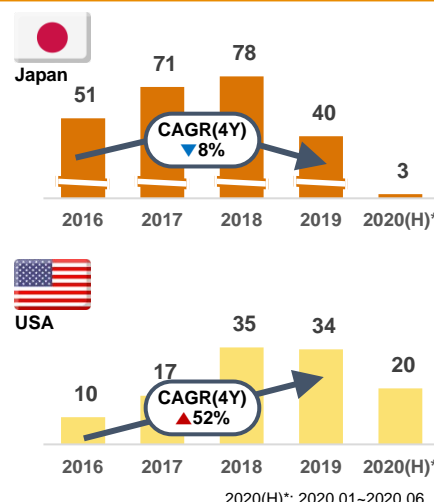
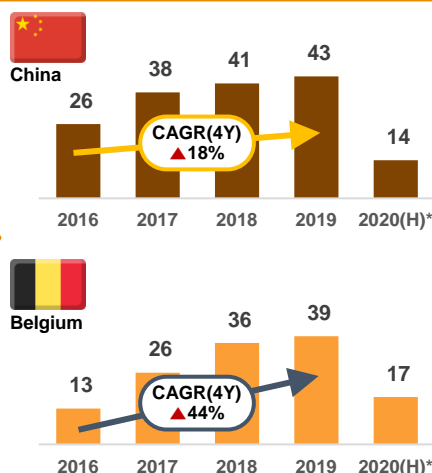
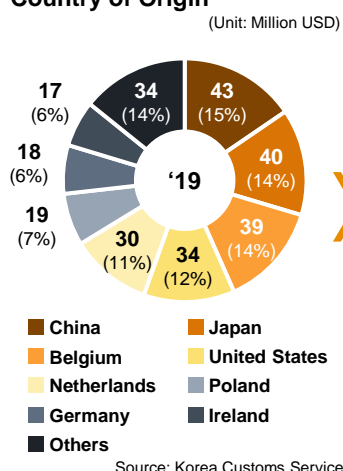
Local breweries also distribute imported beers by forming partnerships with foreign beer companies.

Local Breweries	Major Brands	Import Brands
Oriental Brewery 	• Cass • OB	• Cafri • Budweiser • Hoegaarden ⋮
HiteJinro 	• Hite • Max	• Stout • Terra • Carlsberg • Kirin ⋮
Lotte Chilsung 	• Kloud • Fitz	• Miller • Blue Moon ⋮

U.S. beer exports to Korea have grown rapidly. Japanese beer has been hit by consumer boycotts in Korea, hurting its market share.

Market Share by Country of Origin

(Unit: Million USD)



Consumer Trends

The beer market is evolving due to changes in consumer taste and lifestyles. Government tax changes and geopolitical issues have also influenced the market.

Consumers Look for Quality, Diversity, and New Taste

The Korean beer market has long been driven by three large local breweries who offer a limited assortment of value-oriented products. However, increased consumer demand for quality, diversity, and new taste, particularly among young consumers, has generated growing demand for imported beer. While large U.S. breweries, including Budweiser, Miller, and Coors, have seen their exports to Korea expand significantly in recent years, many small-independent U.S. craft breweries have also established a market in South Korea. According to the U.S. Craft Brewers Association, South Korea was one of the top export markets for U.S. craft breweries in 2019.

Korean Craft Beer Industry Emerges

Recognizing consumer demand for quality beer, the Korean government has implemented a series of regulatory reforms to promote the development of the local craft beer industry since the early 2000s. As a result, the number of craft breweries in Korea increased sharply to reach 150 in 2019. Further expansion of the industry will help consumers further develop their taste for quality beer, including imported craft beer.

Tax Changes Impact the Beer Market

In 2020, the Korean government adopted a volume-based liquor tax for beer with the goal of promoting products made from quality ingredients. As a result, premium quality beer, including local and imported craft beer, benefited from the drop in liquor tax (previously 72 percent of product cost). This has led to a significant decline in retail prices offered to consumers.

Regional Changes in the Imported Beer Market

Japan and China, once leading beer exporters to Korea, lost their positions as market leaders as their sales plunged in 2020. Anti-Japanese consumer sentiment that began in 2019 over a political conflict resulted in a more than 90 percent decline in Japanese beer sales in Korea. Moreover, with China identified as the COVID-19 epicenter, sales of Chinese beer declined significantly in 2020 due to consumer health concerns. At the same time, beer from other origins, including the United States, increased their market share.

Regulatory Overview

****Disclaimer:** This overview is not a comprehensive guide, and regulations can frequently change. Exporters should verify requirements with their importers before goods are shipped.



Tariffs & Taxes

Korea applies a complicated duty and tax system to imported alcoholic beverages. The lower duties granted by the KORUS FTA are shown below. Please refer to the [Agricultural Tariff Tracker](#) for details.

Beer	HS code	2020	2021	2022	2023
• Beer made from malt.	220300	0.0%	0.0%	0.0%	0.0%

Source: <https://apps.fas.usda.gov/agtariftracker/Home/Search>

A Pre-Registration and Required Certification for Import to Korea

Product Registration

No product registration is required to import beer into Korea.

Facility Registration

Either a foreign facility or an importer may apply for registration through the MFDS website.

Certificate of Origin

The certificate of origin must be prepared for origin verification. Evidence showing U.S. origin must be retained for five years.

For details, please refer to [FAIRS Country Report](#), [FAIRS Export Certificate Report](#)

B Labeling Requirements

All imported U.S. products are required to carry legible Korean language labels. Label stickers or tags may be placed upon arrival in Korea. Labels should not be easily removed or cover the original label such as product name or expiration date.

Korean Language Labeling

- Product Name
- Product Type
- Alcohol Percentage
- Net Contents
- Expiration Date
- Storage Instruction

Consideration for Labeling

- Warnings for consumer safety: “Health warning Labeling, Warning Statement against excessive drinking.”
- Mode of distribution: must specify one of two: (1) “for large size stores,” or (2) “for home use.”

C Import Inspection

Laboratory Test

All imported products undergo laboratory tests the first time.

Document Review

Subsequent shipments of the same product that passed the first lab test will be reviewed.

Random Sampling Test

Samples are selected randomly depending on violation history or market intelligence.

For details, please refer to [FAIRS Country Report](#), [FAIRS Export Certificate Report](#)

Regulatory Overview

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Korean Food Safety & Additive Standards

For Korean food safety and additive standards, please refer to following links.

[Food Additive Code](#)

[Food Ingredient Database](#)

Frequently Asked Questions

FAQ #1: Please provide specific tax system in Korea for Beer.

Korean Import Tariff and Taxes on Imported U.S. Beer (From Beer Market Report)					
Tax System		Import Tariff	Liquor Tax	Education Tax	Value Added Tax
Value-based (Old)		0%	72%	30%	10%
Volume-based (New)		0%	830.3 won/liter	30%	10%

Effects of Import Tariff and Taxes on Imported U.S. Beer (12 oz container) (From Beer Market Report)					
Value-based system (Old)		Volume-based system (New)			
A	CIF Invoice Value	\$1.00	A	CIF Invoice Value	\$1.00
B	Import Tariff: A x 0%	\$0.00	B	Import Tariff: A x 0%	\$0.00
C	Liquor Tax: (A+B) x 72%	\$0.72	C	Liquor Tax: 830.3 won x 355ml/1000ml	\$0.25
D	Education Tax: C x 30%	\$0.22	D	Education Tax: C x 30%	\$0.08
E	Subtotal: A+B+C+D	\$1.94	E	Subtotal: A+B+C+D	\$1.33
F	Value Added Tax: E x 10%	\$0.19	F	Value Added Tax: E x 10%	\$0.13
G	Product Cost after Tariff and Taxes (E+F)	\$2.13	G	Product Cost after Tariff and Taxes (E+F)	\$1.46

For further information, please refer to the [Beer Market Report](#).

FAQ #2: Is labeling 100% ingredient breakdown required for import?

The Korean government does not require a 100% ingredient composition breakdown on the import application for imported processed food products entering Korea. What is required is the percentage breakdown of major ingredients and the percentage of food additives in the product in case Korea has tolerances established on the additives. For food additives used in composite ingredients, the supplier may need to submit detailed information to verify if the product meets Korean food additive standards.

FAQ #3: Are there any requirements on exporters when making a Certification of Origin?

Yes, if you are qualified for the FTA. Article 6.17.1 of KORUS FTA requires specific records to be kept for a minimum of five years if a certification from a producer or exporter forms the basis of a claim. We encourage you to look at these provisions. There are also obligations of exporters provided under Article 6.20. Questions about these provisions can be e-mailed to KORUS@ustr.eop.gov or at fta@dhs.gov.

FAQ #4: What are the roles and responsibilities of importers?

Importers in Korea are responsible for claiming preferential treatment for qualifying goods. However, the exporter or producer may be asked by the importer, customs broker, or the Korean Customs Service to provide a written or electronic certification or other information to support the importer's claim. The information required for certification can be found in Article 6.15.2 of the KORUS FTA, but additional elements may be required by the Korean Customs Service. You should contact your importer or customs broker to confirm what information is required.

USDA GAIN Report Link

[Facility Registration](#)
[MRL](#)
[Exporter Guide](#)

FAIRS Reports

[FAIRS Country Report](#)
[FAIRS Export Certificate Report](#)

ATO Seoul - Regulation

[ATO Seoul Regulation](#)