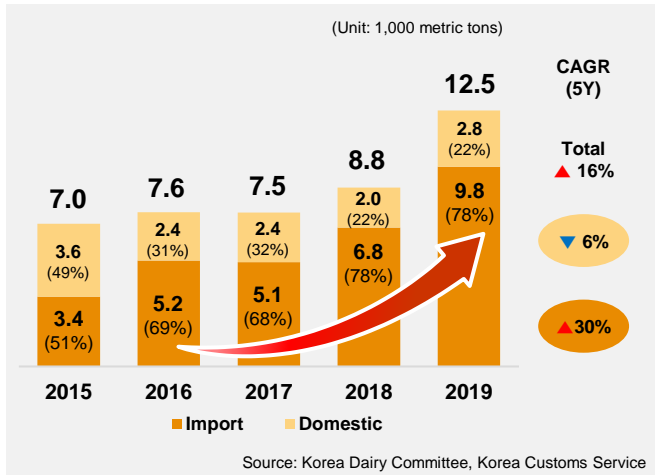


Butter

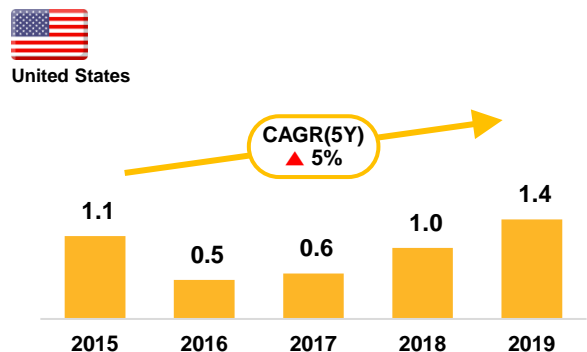
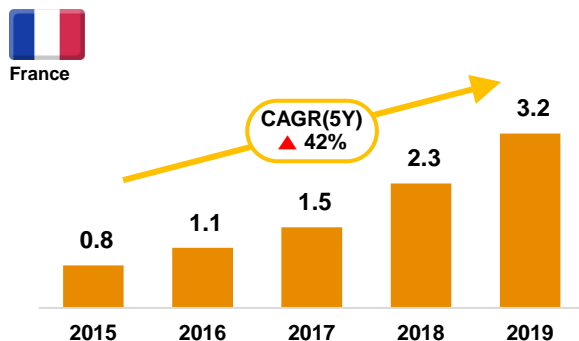
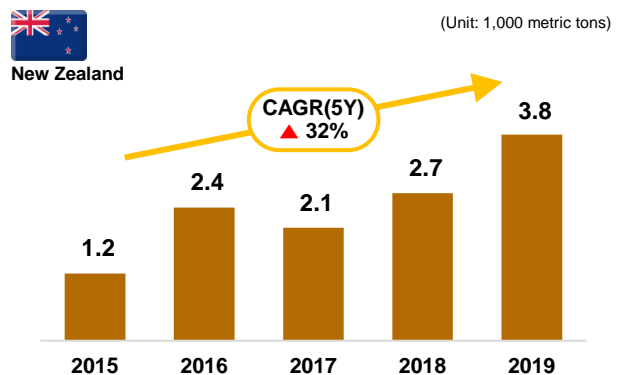
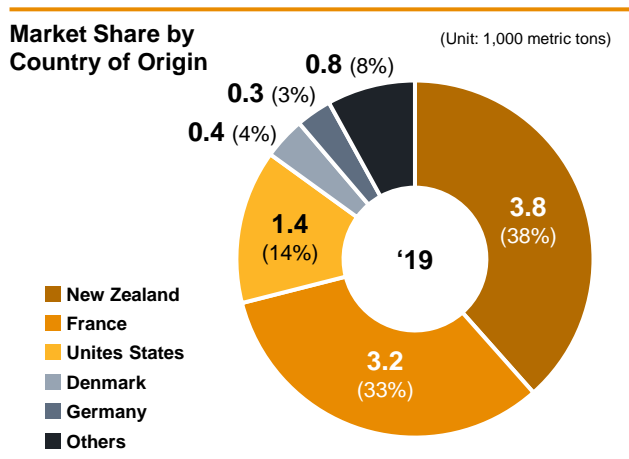


Butter consumption in Korea has been steadily increasing as the Korean diet has grown more westernized. At the same time, domestic butter production has declined due to a rapid increase in butter imports.



- Korean butter production has been declining due to increased labor costs, higher raw material costs, and increased butter imports.
- The cost of milk production in Korea is more than double the cost in other countries, such as the United States, New Zealand, and European Union. As a result, domestic butter is not competitive.
- Korea has signed FTAs with the United States, European Union, and New Zealand. Butter imports will continue to increase due to the gradual decrease in tariffs.

New Zealand, France, and the United States are the leading butter exporters to Korea. The demand for U.S. butter will increase as tariffs drop to 0% in 2021.



Source: Korea Customs Service



Consumer Trends

Popular Products Featuring Butter as a Major Ingredient

Butter has become a popular ingredient in Korea in a wide range of products. Haitai, a Korean confectionery manufacturer, launched Honey-Butter Chips in 2014. The fried potato chips, flavored with honey and butter were a big success. The butter craze led to new products such as honey-butter and mustard flavored potato chips, honey-buttered nuts, and fruit and butter jams. The Korean snack market had long been dominated by salty and spicy flavored snacks. However, Korean consumers are now open to sweet and buttery snacks.

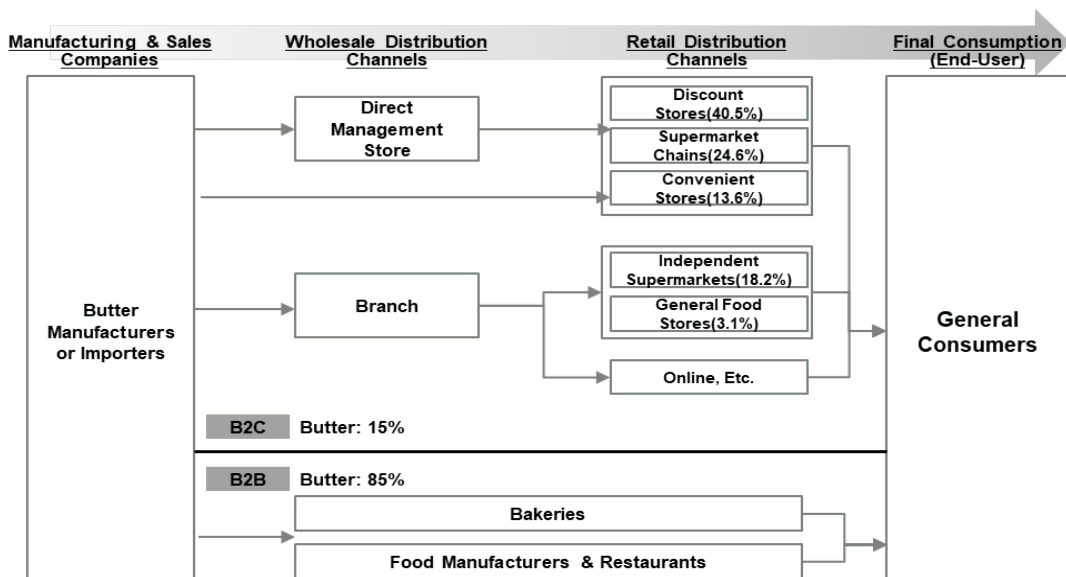
The latest trending product is “Ang-Butter,” which is red bean paste and a thick slice of butter served on a ciabatta sandwich. This product was only available in some gourmet bakeries in the past. Ang-Butter is now widely available in bakeries across the nation and with a variety of breads, such as baguettes, macarons, and croissants. Food manufacturers have been inspired by Ang-Butter and launched new products, such as butter and red bean flavored milk and Ang-Butter ice cream sandwiches.

Butter Retail Market and Distribution Structure

Business to business channels account for 85% of the Korean butter market. Butter is mostly used in bakeries and in the food processing industry. The Korean bakery industry increased from \$4.8 billion in 2015 to \$5.7 billion in 2019, a compound annual growth rate of 4.6% over 5 years. The premium bakery sector uses butter, while some non-premium bakeries use margarine and shortening as a cheaper substitute in lower-priced products.

Butter is used in the food processing industry as well. The Home Meal Replacement (HMR) sector has been one of the fast-growing sectors in the Korean food industry. The HMR industry grew from \$1.9 billion in 2016 to \$3.4 billion in 2019, a compound annual growth rate of 21% over four years. Butter is widely used for making sauces for HMR products as it enriches the flavor and taste. Butter use will increase as premium bakeries and the HMR industry continue to grow.

Distribution Structure of Butter



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

The tariff for butter under the KORUS FTA is shown below. Please refer to the [Agricultural Tariff Tracker](#) for details.

Butter	HS code	2020	2021	2022	2023
• Butter	040510	8.9%	0.0%	0.0%	0.0%

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

A Pre-Registration and Required Certification for Import to Korea

<p>Product Registration</p> <p>No product registration is required to import U.S. butter into Korea.</p>	<p>Livestock Plant Registration</p> <p>Livestock plants, including dairy and egg plants, should be registered with MFDS through FAS/Seoul. US dairy plants are required to submit application documents to FAS/Seoul via email.</p>	<p>Certificate of Origin</p> <p>The certificate of origin must be prepared for origin verification. Documentation must be kept for five years.</p>	<p>Export Certificate</p> <p>Dairy products must be accompanied with an export certificate or a self declaration that specifies heat treatment conditions.</p>
---	--	---	---

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.

<p>Korean Language Labeling</p> <ul style="list-style-type: none"> • Product name & product type • Country of origin • Ingredient names and content • Manufacture date 	<p>Consideration for Labeling</p> <ul style="list-style-type: none"> • Additives • Nutrients • Allergens
---	--

C Import Inspection

<p>Laboratory Test</p> <p>All imported products undergo laboratory tests the first time.</p>	<p>Document Review</p> <p>Subsequent shipments of the same product that passed the first lab test are subject to inspection.</p>	<p>Random Sampling Test</p> <p>Samples are selected randomly depending on violation history or market intelligence.</p>
---	---	--

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

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.*

Korean Food Safety & Additive Standards

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

- [Food Additive Code](#)
- [Food Ingredient Database](#)

Frequently Asked Questions

FAQ #1: Is labeling the 100% ingredient breakdown required for import?

The Korean government does not require 100% ingredient breakdown on the import application. What is required is the percentage breakdown of major ingredients and the percentages 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 the Korean food additive standards.

FAQ #2: 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 #3: Are there any documents required for Halal, GMP, or vegan products?

Yes. In order to apply a mark or claim to packaging, exporters and importers should keep supporting documents for their marketing claims. MFDS does not check supporting documents when products arrive in Korea but MFDS has a right to request supporting documents if necessary. Supporting documents should be issued by reliable and credible organizations.

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

Korean importers 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](#)

