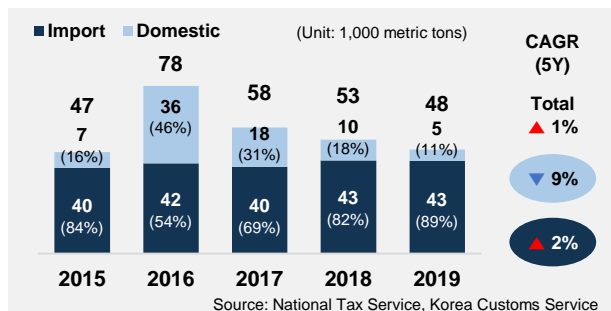


Korea Market Brief

Distilled Spirits

While the overall distilled spirits market has stagnated, changes in consumer tastes are creating new opportunities for imported products.

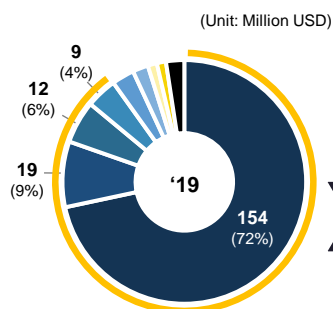


- Domestic products, particularly Soju, continue to dominate the market due to cheap prices and strong marketing.
- Whiskey from the United Kingdom still dominates distilled spirits imports. However, it is losing market share to other countries and other spirits.

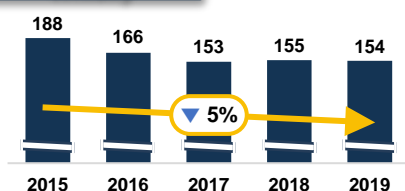
* The graph does not include Soju, which accounts for the largest market share in Korean alcoholic beverage market.

Whisky remains the most imported product but continues to lose market share to other products.

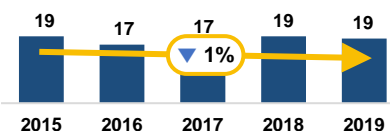
Market Share by Type



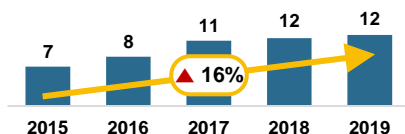
Whisky



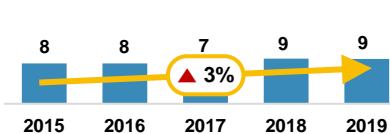
Liqueurs



Kaoliang



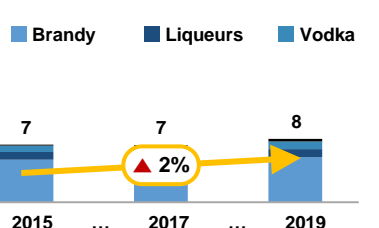
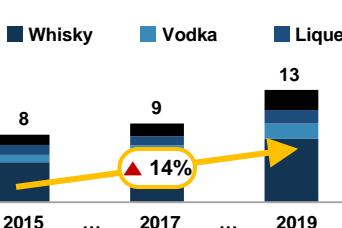
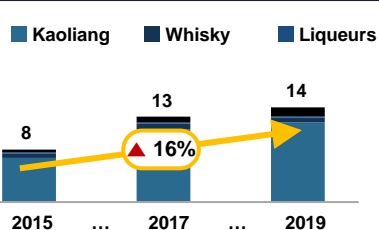
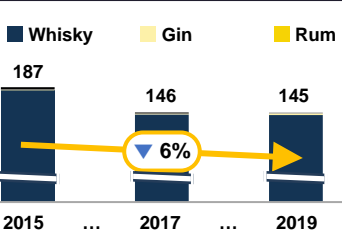
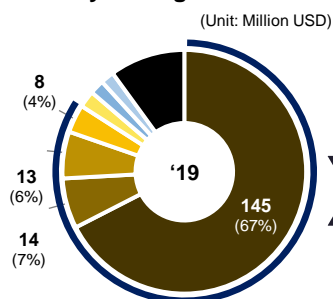
Vodka



Source: Korea Customs Service

The United States continues to gain market share mainly based on increased demand for bourbon whisky.

Market Share by Country of Origin



Source: Korea Customs Service



Consumer Trends

The distilled spirits market is going through a major restructuring due to changes in consumer tastes and lifestyles. The on-premise market is slow due to government efforts to control COVID-19. The off-premise market offers new opportunities as consumers seek new products to drink at home.

Preference for Easy-drinking Beverages

Korea's drinking culture is changing to favor low alcohol by volume (ABV) beverages that are easy-to-drink over hard liquor. This shift is driven by health perceptions, social changes regarding work-life balance, and reduced work hours.

The preference for low ABV drinks can be seen in the continued decrease in the average ABV of Soju, the most common alcoholic beverage in Korea. The average ABV of soju was 16.9% in 2020, compared to over 20% in the early 2000s. Makgeolli (Korean rice wine) producers are also releasing lower alcohol products to attract younger consumers.

Premium Market Impacted by Policy Change

Korea's anti-corruption law, called the 'Kim Young-ran Act', went into effect in 2016. The Act bans businesses from soliciting government officials, teachers, and journalists with bribes, including expensive meals and alcoholic beverages. The Act has negatively impacted sales of premium whisky, which was previously widely given as a gift. The government restrictions on gifts has also impacted on-trade whiskey sales. On-premise sales, including restaurants and bars, account for over 90% of premium alcoholic beverage sales. The whisky market has been shrinking since these policies were implemented. Whiskey imports totaled 19,800 tons in 2019, down from 21,000 tons in 2016.

Widespread Culture of Home Drinking

The Korean government is trying to promote work and life balance by limiting the work week to 52 hours. Due to this change, the drinking culture has shifted from heavy social drinking to drinking alone or with family at home. The drinking-at-home culture has increased during the COVID-19 pandemic. Hypermarkets and convenience stores provide a wide variety of alcoholic beverage options. EMART, the largest hypermarket chain in Korea, increased its whisky selection by 10%. The number of stores selling premium products also increased from twenty to seventy stores. Distilled spirits sales in EMART during March to June 2020 were 25% higher than the same period in 2019. Whisky sales increased by 35%. Convenience stores, which used to only carry Korean drinks such as soju or local beer, now offer many different types of products including vodka, gin, and whisky. Sales of hard liquors in convenience stores in March to June 2020 were 39% higher than last year.

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 in the table below. Please refer to the [Agricultural Tariff Tracker](#) for details.

Distilled Spirits	HS code	2020	2021	2022	2023
• Grape Distilled Spirits, Whisky, Rum, Gin & Geneva, Vodka	2208 20 - 60				
• Liqueurs & Cordials – Ginseng Wine	2208701000	0.0%	0.0%	0.0%	0.0%
• Alcoholic Liqueurs – Kaoliang, Tequila, Other	220890 60 - 90				
• Liqueurs & Cordials – Ogampi Wine	2208702000	2.0%	0.0%	0.0%	0.0%
• Brandies other than those under heading 220820	2208901000				

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

A Pre-Registration and Required Certification for Import to Korea

Product Registration

No product registration is required to import distilled spirits 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. Documentation 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 new imported products undergo laboratory tests.

Document Review

Subsequent shipments of the same product that passed the first lab test undergo document reviews.

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

***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: Please provide specific tax system in Korea for Distilled Spirits.

Import Duties and Taxes on U.S. Alcoholic Beverages in Korea
(From Distilled Spirits Market Report)

Product	Import Duty	Liquor Tax	Education Tax
Distilled Spirits	0%	72%	30%

Effects of Import Duties and Taxes on U.S. Distilled Spirits
(From Distilled Spirits Market Report)

A	CIF Invoice Value	\$10.00
B	Import Duty: A x 0%	\$0.00
C	Liquor Tax: (A + B) x 72%	\$7.20
D	Education Tax: C x 10%	\$0.72
E	Subtotal: A + B + C + D	\$17.92
F	Value Added Tax: E x 10%	\$1.79
G	Handling fees for customs clearance: A x 8%	\$0.80
H	Total cost of product upon customs clearance: E+F+G	\$20.51

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

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

The Korean government does not require 100% ingredient composition breakdown information 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 the 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?

Korean importers are responsible for making claims for 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](#)

