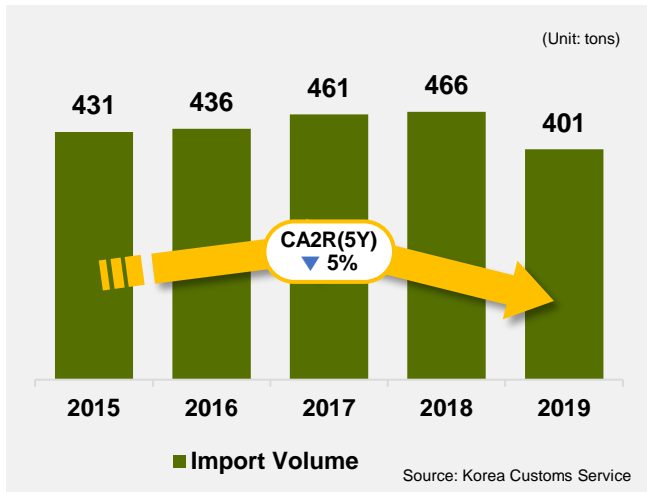


# Hops

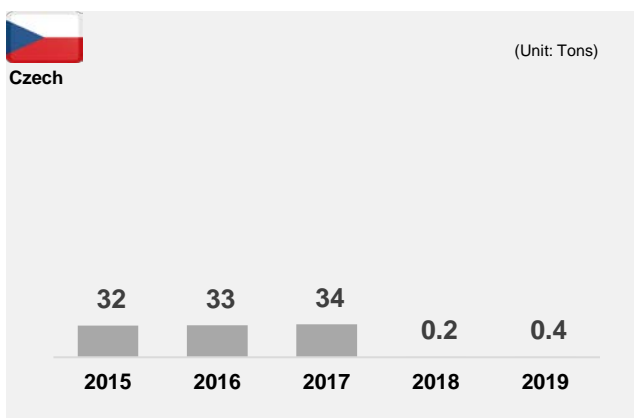
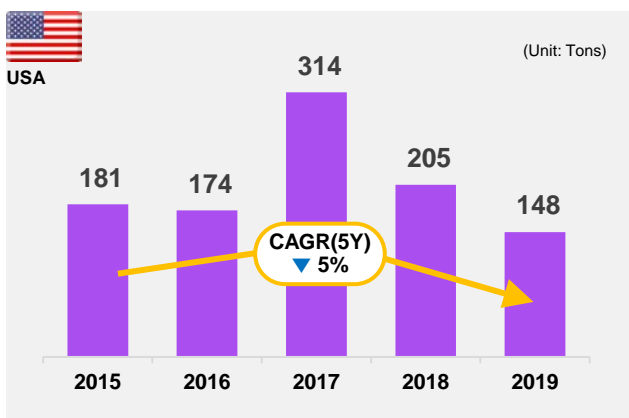
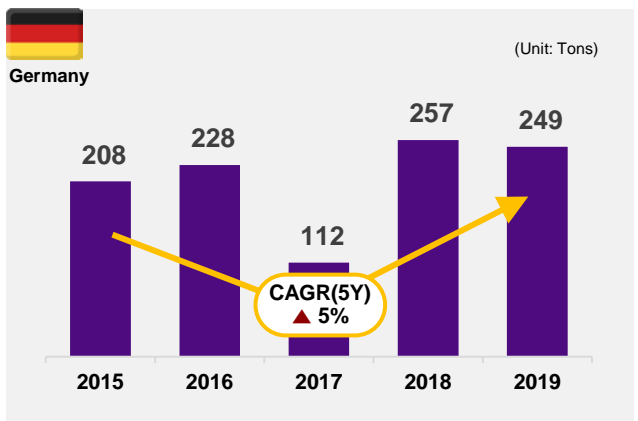
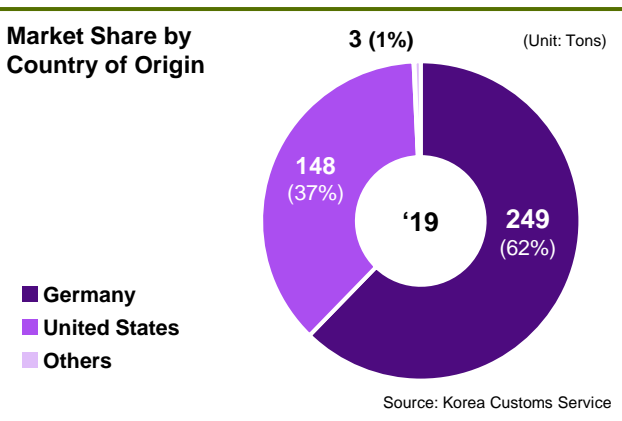


Hop imports declined in 2019 due to the overall stagnation of the Korean beer market. However, the craft beer market in Korea has been growing over the past few years leading to increased demand for specialty hops.



- Korean breweries are dependent on imported hops. Domestic hop production is very minimal.
- In 2019, domestic beer production was 1.7 million tons, down 5 percent from 2018. The decrease in beer production caused hop imports to drop.

Korea's hop market is dominated by German and U.S. hops. German hops are supplied mostly to the major breweries which produce mainly lagers. Craft breweries prefer U.S. hops.



# Consumer Trends

## Growth of Craft Beer Industry

The Korean craft beer industry has been growing 30 to 40 percent a year since 2013. In 2020, the number of breweries reached 151, up from 114 breweries in 2019. This rapid growth is partially due to changes to the liquor tax. With the new volume-based tax, small breweries and large beer companies alike are now required to pay the same volume tax. As a result, Korean breweries situated in foreign countries are re-shoring and small local breweries can compete in a better environment. The growing Korean craft beer market will help drive up demand for U.S. specialty hops.

## Increased Demand for High Quality U.S. Hops

As of July 2020, Korea's hop import volume and value decreased by 17% and 9% compared to July 2019. In the case of U.S. pellet hops and liquid hops extracts, the import volume dropped by 5% and 0.08%, respectively. However, the import value increased by 9% and 8%, respectively. The increase in value is due to the popularity of American style craft beers, causing Korean breweries to prefer American hops. However, because the popularity of American hops is global, Korean breweries' demand exceeds the supplies from American hop farms. As a result, there is a shortage of American hops in the market which is further pushing up the price.

## Preference for Aroma Hops and Diverse Tastes

Trend Monitor's survey results showed that Korean consumers put a large emphasis on diversity in taste when drinking craft beer. According to Brew Source International, a hop importer, Korean consumers prefer craft beers with flavor and diversity. As a result, there is a high demand for aroma hops such as Citra, Mosaic, and Simcoe. An example of this preference is the popularity of Hazy IPAs amongst Korean craft beer consumers.

## Reliance on Imported Raw Materials

Some Korean breweries are attempting to differentiate their products by using local agricultural products as beer ingredients. Despite these attempts, 95 percent of the essential raw materials used to brew a beer, such as hops, malt, and yeast are imported. Although there are some local efforts to grow hops, they struggle to compete with imported hops on quality and price.

# Regulatory Overview

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



## Tariffs & Taxes

Tariffs for U.S. hops under KORUS FTA are shown below. Please refer to the [Agricultural Tariff Tracker](#) for details.

Hops	HS code	2020	2021	2022	2023
• Hop Cones, Not Ground	121010	3.0%	0.0%	0.0%	0.0%
• Hop Cones, Ground	121020	0.0%	0.0%	0.0%	0.0%

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

## A Pre-Registration and Required Certification for Import to Korea

<p><b>Product Registration</b></p> <p>No product registration is required to import U.S. Hops into Korea.</p>	<p><b>Facility Registration</b></p> <p>Either a foreign facility or an importer may apply for registration through the MFDS website.</p>	<p><b>Certificate of Origin</b></p> <p>The certificate of origin must be prepared for origin verification. Evidence showing U.S. origin must be retained for five years.</p>	<p><b>Phytosanitary Certificate</b></p> <p>Fresh vegetables, grains, fruits, and nuts require phytosanitary certificates issued by USDA/APHIS.</p>
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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, but should not be easily removed or cover the original label such as product name or expiration date.

<p><b>Korean Language Labeling</b></p> <ul style="list-style-type: none"> <li>Agricultural products in a container or packages: the business name, the manufacture date, contents, storage condition or handling methods are only required to be indicated on the package.</li> </ul>	<p><b>Consideration for Labeling</b></p> <ul style="list-style-type: none"> <li>Misleading claims such as Non-GMO for products that do not have GMO counterpart are not permitted.</li> </ul>
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## C Import Inspection

<p><b>Laboratory Test</b></p> <p>All newly imported products undergo laboratory tests.</p>	<p><b>Field / Visual Inspection</b></p> <p>Subsequent shipments of the same product that passed the first lab test will be inspected.</p>	<p><b>Random Sampling Test</b></p> <p>Samples are selected randomly depending on violation history or market intelligence.</p>
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For details, please refer to [FAIRS Country Report](#), [FAIRS Export Certificate Report](#)



# Regulatory Overview

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## Korean Food Safety & MRLs

For information on Korean MRLs, please refer to the following link.

[Pesticide MRLs](#)

## Frequently Asked Questions

### FAQ #1: Are products required to meet Korea's MRL standards?

Yes. Korea has a national MRL list that includes import tolerance MRLs. Prior to export, please check Korea's MRL list to make sure that products meet Korea's MRL standards. In the absence of an MRL, Korea applies a 0.01ppm default tolerance.

### 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](mailto:KORUS@ustr.eop.gov) or at [fta@dhs.gov](mailto: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?

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.

<b>USDA GAIN Report Link</b> <a href="#">Facility Registration</a> <a href="#">MRL</a> <a href="#">Exporter Guide</a>	<b>FAIRS Reports</b> <a href="#">FAIRS Country Report</a> <a href="#">FAIRS Export Certificate Report</a>	<b>ATO Seoul - Regulation</b> <a href="#">ATO Seoul Regulation</a>
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