



MONTHLY TRADE SERVICING REPORT

- **MARKET: SOUTH KOREA**
- **MONTH & YEAR: JUNE 2022**
- **PREPARED BY KOREA BUSINESS SERVICES, INC.**

I. EXECUTIVE SUMMARY

In the first half of 2022, Korea's economic recovery, mainly in manufacturing industries, was limited due to the worsening international business environment. However, even though the service industry has improved after the government lifted the social distancing, the Russia-Ukraine war and the US interest rate hike have negatively affected the Korean economy. Also, as the Korean won has shown very weak, the high inflation has significantly dampened consumer economic sentiment. With this business situation, the business environment of Korean importers has suffered, especially in import costs and pricing.

In June, preparations for upcoming activities in the second half of 2022 were conducted, especially for the 2022 Inbound Mission to IBIE & New Mexico. Also, discussions for the 2022 Korea Outbound Mission, Menu Promotion, and Animal Feed Outbound Mission were conducted with project managers.

II. MARKET INTELLIGENCE UPDATE

1. **Changes of Food Consumption Trends:** Open Survey, a market research firm, released the results of an analysis of 'Changes in Koreans' diet over the past three years.' According to Open Survey, amid accelerated changes in consumer diets during the pandemic, targeting the 2030 generation will be important in the endemic era. Also, the number of meals Korean consumers eat per day has declined over the past three years, as they often skip breakfast. Also, the number of menus in the meal has been reduced and simplified, especially for side dishes that Koreans usually eat with rice. On the other hand, more consumers have looked for one-bowl menus such as salad, cooked bread (sandwich), pasta, and tteokbokki, the Korean rice cake dish. In addition, Korean food intake decreased, and Western food consumption continued to increase, confirming that consumers' eating habits were becoming westernized. In addition, chicken breast, yogurt, non-alcoholic liquor, and waffles, which have been steadily increasing since 2019, were selected as representative menus.

The research firm said that menus with increased consumption should be interpreted in connection with consumer trends. As consumer needs for health have grown since

COVID-19, menus that can be easily eaten while considering health have continued to increase, and salad considered a side dish in the past, has become the main menu of a meal. Although Korean food menus account for a large portion of daily life, consumption continues to decline, and "Diverse food trends such as zero carbonic acids and zero alcohol are produced mainly in their 20s, and 40s and 50s tend to follow suit. Therefore, the 20s and 30s likely lead all generations to food consumption trends. In the era of the Endemic, it will be important to establish a product strategy that meets the "health" and "simple" needs which meet the demands of the 20s and 30s.

- 2. Protein Drink Market:** According Korea Agro-Fishery Trade Corporation (aT), the size of the Korean protein food market has more than quadrupled from \$0.8 million won in 2018 to \$3.36 million in 2021. In particular, protein drinks are expected to account for more than 70% of the market size. While the dairy industry, confectionery, and beverage industries have entered the protein beverage market, the pharmaceutical industry has also entered the food market by offering protein drinks.

According to local industries, young generations who strive to manage their body weight, such as increasing muscle mass, and middle-aged silver generations who want to supplement nutrients are consuming more protein, and companies that mainly promote care food are also offering protein products.

III. REGULATION & TRADE UPDATE

- 1. The Korean Government Support for Food Ingredient Imports:** The Ministry of Food & Drug Safety (MFDS) has improved Food Safety Information Service (hereinafter referred to as the "Information Service") for overseas manufacturers within the "Import Food Information Maru" to improve the convenience of complaints by importers and others. The improvement will reduce the hassle of reapplying for complaints if rejected due to a lack of documents when applying for complaints from overseas manufacturing companies. In particular, all supplementary treatments that can be confirmed with simple submission of evidence were rejected due to the absence of the function in the system, which took much time to process complaints such as registration of overseas manufacturing companies. As a result, the "Import Food Information Maru" system has been added to provide supplementary documents so that they can be reviewed and approved without re-application (average 9.1 days to 4.8 days), and the convenience of civil petitions has been improved. In addition, safety information on imported foods, such as registration and renewal of overseas manufacturing companies, can be found on the Imported Food Information Maru website.

IV. UPDATES ON WUSATA PROJECTS

- 1. 2022 Korea Dried Fruit & Nut Inbound Delegation to IBIE (Las Vegas) and New Mexico:** For the 2022 Korea Dried Fruit & Nut Inbound Delegation to IBIE (Las Vegas) and New Mexico, KBSI recruited 6 Korean companies as nominees and sent their buyer profiles to project managers for the reviews. For the recruitment, KBSI prescreened importers of dried fruits and nuts and individually contacted 20 selected importers to check if they were willing to participate in the WUSATA program. And as a result, 6 Korean companies registered. After project managers select 5 Korean companies, KBSI will prepare travel documents and other relevant works.
- 2. 2022 Korea Outbound Mission:** For the 2022 Korea Outbound Mission, the kick-off meeting for discussions on outlines of the program were made on June 17th. And based on the discussions, KBSI submitted the activity proposal to the project manager on June 23rd.
- 3. 2022 Korea Menu Promotion:** KBSI has contacted restaurants and hotels to figure out who will fit for the WUSATA Menu Promotion event in 2022. As of June 30th, KBSI has communicated with "Michael by Haevichi," the New American Style restaurant, 63 Restaurant, the Plaza Hotel, and JW Marriott Seoul, and introduced the WUSATA program. For further discussions, KBSI will meet them in July.
- 4. Animal Feed Outbound Mission:** For the Animal Feed Outbound Mission, KBSI contacted Korean feed-related organizations, including Korea Feed Ingredient Association (KFIA), for cooperation. KBSI will meet with KFIA in July and other organizations to find out if there are opportunities to cooperate for the WUSATA feed delegation in November.
- 5. Monthly Korea Work Group Meeting:** On June 22nd, the Korea work group meeting was organized. KBSI updated the Korean market, including travel information, the COVID-19 situation, and the beverage market. Also, updates and discussions for each activity were made with project managers throughout the meeting.
- 6. "5 Minute Briefs from Seoul" Newsletter:** On June 13th and 27th, "5 Minute Briefs from Seoul", the KBSI's written and audio newsletter, has been shared with the Korea Work Group and WUSATA for updating the most recent issues in South Korea.
- 7. Trade Show Visit:** KBSI visited Seoul Food & Hotel 2022, the largest food trade show in Korea, organized from June 7th to 10th, to observe food market trends in Korea and meet

major food industries and AAO/ATO. According to the organizer, 326 companies from 28 different countries exhibited. For the US pavilion, 23 US companies participated in as the exhibitors.