

MARKET INTELLIGENCE UPDATE

South Korea, August 2023

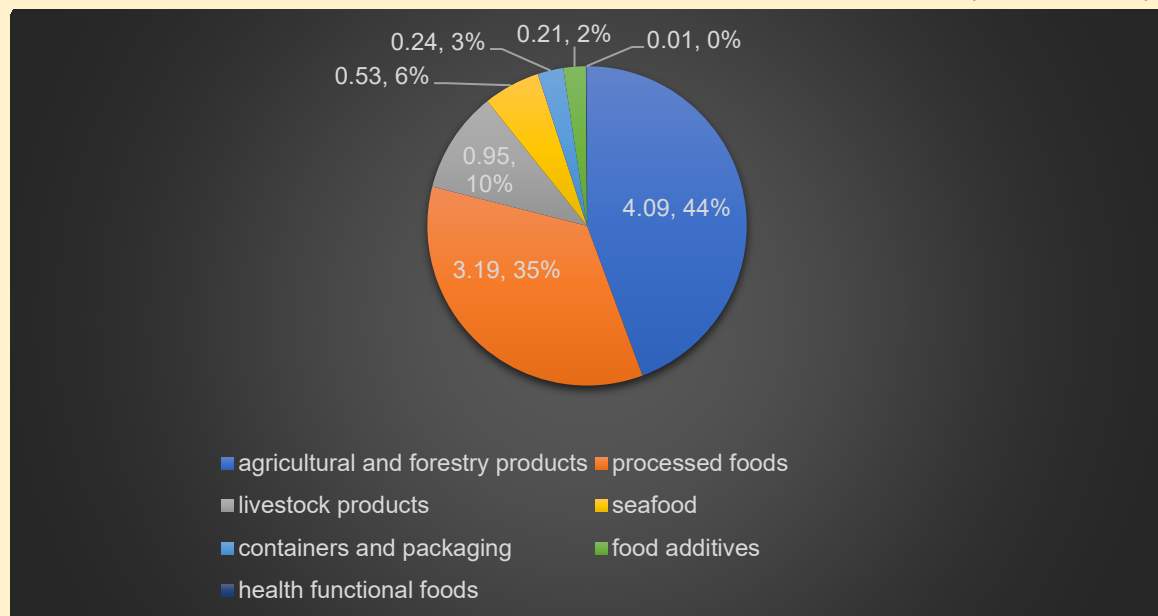
I. MARKET INTELLIGENCE UPDATE

- Food Import Trends in South Korea - H1 2023 Overview:** In the first half of 2023, South Korea's food imports decreased by 3.9% compared to the previous year, primarily due to a drop in the import volume of agricultural and forestry products, which account for over 40% of total imports. However, processed foods experienced an increase in imports, while seafood imports, amidst controversies such as Japanese wastewater discharge, witnessed a substantial decline.

The Korea Ministry of Food and Drug Safety (MFDS) reported that food imports for the first half of 2023 consisted of 9.22 million tons, valued at \$18.72 billion. This represents a 3.9% decrease in weight and a 1.1% decrease in value compared to the same period in the previous year. The primary reason for the decline in import performance was the 8.7% reduction in the import volume of agricultural and forestry products, accounting for approximately 44.4% of the total import quantity. Import volumes of agricultural and forestry products amounted to 4.09 million tons for the first six months of 2023, while 3.19 million tons of processed foods were imported to Korea during the same period. Import volumes by product category were as follows:

Figure 1. South Korea's Food Imports in H1, 2023

(Unit: tons, %)



According to the MFDS, a total of 1,665 different products were imported in the first half of 2023, with the top 10 products (by weight) being refined and processed raw materials, corn, soybeans, pork, beef, bananas, kimchi, beer, and processed fruits and vegetables. Collectively, these items accounted for 56.8% of the total import volume. Additionally, during these six months, South Korea imported from 155 countries, with the top three import countries being the United States, China, and Australia, together accounting for 47.2% (4.35 million tons) of the total imports.

(Source: Ministry of Food and Drug Safety)

- 2. South Korea's Beverage Market Updates:** South Korea's domestic beverage market crossed the KRW10 trillion (equivalent to \$10 billion) mark for the first time in 2022, driven by consumer preferences for low-calorie and zero-sugar options in response to health-conscious trends. According to data from the Ministry of Food and Drug Safety (MFDS), the market's sales-based size reached KRW10.31 trillion, marking a 7.6% growth compared to the previous year's KRW9.58 trillion. This milestone reflects a more than 20% increase in market size over the past three years. Coffee is the most popular item in the market, accounting for 30.8% of domestic sales. While sales of roasted coffee declined, instant coffee, blended coffee, and liquid coffee saw increased sales. Among coffee types, liquid coffee held the highest market share, with Lotte Chilsung Beverage leading at 25.3%, followed by Dongsuh Food (16.6%), Maeil Dairies (15.6%), and Coca-Cola Korea (10.9%).

Following coffee, carbonated drinks (24.5%), tea drinks (12.1%), mixed beverages (11.4%), fruit and vegetable beverages (8.2%), soybean-based beverages (4.2%), and ginseng-based drinks (3.5%) ranked in terms of market share. Carbonated drinks, tea, and fermented beverages saw increased sales in 2022, while fruit and vegetable beverages, which tend to contain more sugar, experienced declining sales.

With a global emphasis on health and sustainability, South Korea's beverage market is expected to continue growing, focusing on sugar-free, low-calorie, and organic products, similar to other countries. Zero-sugar drinks, in particular, have gained popularity due to their perception as a healthier option. Additionally, demand and offerings of tea and plant-based alternative beverages are expected to increase. The market for fermented health drinks like kombucha is also expanding. Moreover, functional beverages emphasizing stress relief, sleep aid, and other health benefits are likely to contribute to the industry's growth, with Korean market players launching new products accordingly.

(Source: [Asia Economy](#))

Note: An exchange rate of \$1 = ₩1,000 is used for data simplification

- 3. South Korea Launches Intensive Inspection of Imported Seafood Origin Labels:** South Korea has initiated a 100-day intensive inspection into the country-of-origin markings for imported seafood products in response to concerns stemming from Japan's release of contaminated water from its Fukushima nuclear power plant at the end of August. The inspection aims to ensure that importers, distributors, and retailers correctly label the origin of major seafood items. Korea had previously banned seafood imports from specific Japanese prefectures near Fukushima in 2013. The government is taking strict measures, including potential fines and imprisonment for those who fail to mark the origin correctly.

(Source: [The Korea Times](#))

II. REGULATION & TRADE UPDATE

- 1. 'SAFE-i24' System - Automated Food Import Inspections and Reporting:** Starting on September 14, South Korea is implementing the 'SAFE-i24' system, which automates inspections and reporting for safe imported food items. The system uses around 260 criteria to automatically review import declarations, including inspection history, ingredient compliance, and previous issues. If everything checks out, it issues an import confirmation certificate. Initially, this automated process will focus on low-risk, frequently imported items like food additives, gradually expanding to other categories. To enhance efficiency, a 10-month pilot project was conducted, reducing processing times from up to 48 hours to just 5 minutes and enabling 24-hour document checks.

In the coming year, nearly 20% of all import declarations will transition to electronic inspections, improving administrative efficiency and reducing clearance times, benefiting consumers by offering fresher food, according to the Ministry of Food and Drug Safety (MFDS).

(Source: *Ministry of Food and Drug Safety*)