



MONTHLY TRADE SERVICING REPORT

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

I. EXECUTIVE SUMMARY

In South Korea, one of the trendy Asian markets, it is noted that vegan foods and whiskeys are getting more popular. According to local media, especially “MZ” generations, millennials, and generation z, have led this trend. In 2021, the import of whiskey reached \$175.34 million, increased by 32.3% from 2022. Also, there are around 1.5 million vegan populations in Korea now, and more vegan products have been certified and registered, reaching 286 products in 2021, increasing from 13 in 2018.

In February 2022 Korea Consumer-Oriented Inbound Mission at SIAL America has been actively prepared as the project is coming. 8 buyers from 5 Korean key importing companies will participate in the event, and preparations for their traveling were made in February in cooperation with project managers.

II. MARKET INTELLIGENCE UPDATE

1. **Vegan Food Market:** As vegetarianism is attracting attention as a lifestyle that realizes ethical values such as animal rights and environmental protection, domestic vegan-certified foods in South Korea also increase rapidly. As the vegetarian population in South Korea gradually increases, related industries are also expected to continue to grow. According to the 2021 Market Report published by the Ministry of Agriculture, Food and Rural Affairs and the Korea Agro-Fisheries and Food Distribution Corporation (aT) in early March, 286 products received new vegan certification in 2021, up 44% from a year ago. The number of vegan-certified foods is increasing every year. Starting with 13 in 2018, it grew to 114 in 2019, and 286 were added in 2021, rising to a cumulative 612. The local industries, especially retailers, see the growth potential of the Korean vegan food market as high as vegetarianism is spreading based on the perception that it is good for health while realizing ethical values such as animal rights and environmental protection. In particular, it is noted that the trend of "consumption for values" is spreading among the MZ generation (millennial and Generation Z), which has recently emerged as a significant consumer group in the market. According to the Korea Vegetarian Federation, the number of vegetarians in Korea gradually increases to about 1.5 million.

2. **Whiskey Market Update:** Whiskey, called "old men's liquor," has recently been heating up around the MZ generation in South Korea. As the home drinking trend was reflected due to COVID-19, it targeted the MZ generation's tendency to pursue new experiences. According to the Korea Customs Service, whiskey imports amounted to \$175.34 million in 2021, up 32.3% from the previous year. This reflected the growing popularity of "malt whiskey," which is expensive and rare. Malt whiskey is a whiskey made by distilling only malt (barley), and the domestic malt whiskey market grew 59% last year compared to 2019. Women consumers in their 20s, who were considered exceptions in the whiskey market, also increased. According to the Korean whiskey importer, people in their 20s accounted for 20% of whiskey sales by age group last year, up 3% from 2019. Among them, women nearly doubled from 9% to 16%. Generation MZ is falling in love with whiskey because they can make alcoholic beverages to suit their tastes and individuality. The most common way to enjoy whiskey is to mix blended whiskey (a whiskey mixture from several distilleries) with carbonated water to "highball." In addition, home-tending (home + bartending) that makes and drinks alcohol at home is also popular.

III. REGULATION & TRADE UPDATE

1. **5 Years-Cycle Inspection for Import Foods:** Imported foods in South Korea must be inspected periodically every five years as imported food safety management is expected to be further strengthened. The Ministry of Food and Drug Safety announced that the "five-year cycle close inspection" system for imported foods was introduced in 2017. The inspection system will be implemented in earnest as the implementation date arrives on February 22nd.
Until now, MFDS has required the first imported food to undergo a thorough examination and has since conducted random sampling tests on foods with relatively high risk. With the implementation of this system, it is expected that the safety management of imported foods will become tighter. It will also conduct detailed inspections every five years for imported foods that have not undergone random sampling after the first thorough examination.
2. **Health Functional Food Labeling Update:** A partial amendment to the "Health Functional Food Labeling Standards," which must indicate allergens and probiotic strains on the health functional food information display from 2023, was announced on February 25th by MFDS. According to the revision, products with a small information display area have been able to mark allergy-causing substances in product manuals. However, afterward, it will be mandatory to mark allergy-causing substances on the information display regardless of the display area. In addition, to make it easier for consumers to check the functional fraction (bacteria) of probiotic products, displaying numbers and Korean characters in parallel or only in Korean will

be prepared. For example, 100,000,000 CFU/g should be expressed as 100,000,000 (100 million) CFU/g or 100 million CFU/g. The revision will take effect in 2023 after revision and announcement after collecting opinions.

IV. UPDATES ON WUSATA PROJECTS

- 1. 2022 Korea Consumer-Oriented Inbound Mission at SIAL America:** For 2022 Korea Consumer-Oriented Inbound Mission at SIAL America, 5 Korean companies have been selected by project managers, and preparations for their travels and business meetings have been conducted. KBSI collected buyer agreements and travel documents, and KBSI separately gathered the travel agreements for COVID-19, just in case. Also, for entering the USA, the information on how to get the ESTA VISA was shared with buyers, and all travelers from South Korea could get VISA as of March 7th.
- 2. 2022 Seoul Food & Hotel:** For the product showcase at Seoul Food & Hotel 2022, KBSI has discussed with WUSATA for details of the project. The proposal will be prepared and shared with WUSATA in early March.
- 3. Monthly Korea Work Group Call:** On February 16th, the monthly Korea Work Group Call was made for discussing activities in 2022. Also, the market update for South Korea, especially for COVID-19 situations, was made for project managers and WUSATA.
- 4. "5 Minute Briefs from Seoul" Newsletter:** As KBSI's special activity, "5 Minute Briefs from Seoul", the KBSI's newsletter, have been shared with project managers of the Korea Work Group and WUSATA. In February, three newsletters were shared with the group on the 4th, 15th, and 28th. The newsletters are in written and audio formats, and it has been developed to give the most updated information about South Korea, including insights for the food market updates.