



# MONTHLY TRADE SERVICING REPORT

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

## I. EXECUTIVE SUMMARY

Through the October Economy Brief book, the Ministry of Energy and Finance reported that the Korean economy has recently continued to improve domestic demand, mainly in employment and face-to-face service industries. However, there are concerns about a slowdown, with exports continuing to remain sluggish due to external factors.

In October, preparations for 2 Outbound Missions in Korea, the 2022 Korea Consumer-Oriented Outbound Mission and the 2022 Korea Animal Feed Outbound Mission, were actively conducted to implement events. Especially business meeting arrangements for WUSATA participants of each event were prearranged. Also, the 2022 Korea Restaurant Promotion preparations were completed in cooperation with the partner restaurant chain to start the promotion in November.

## II. MARKET INTELLIGENCE UPDATE

1. **Plant-Based Milk Market:** In Korea, it has extended into milk alternatives mainly made from plant-based ingredients in recent years. The local industry has recently introduced new milk alternative drinks using various grains such as oats and beans. The food industry is paying attention to plant-based milk because they are eco-friendly and can be consumed by people who cannot drink milk due to lactose intolerance. In Korea, low birth rates have reduced milk consumption and raised milk prices in dairy industries. As a result, Korean's per capita consumption of milk continued to decline to 27kg in 2018, 26.7kg in 2019, and 26.3kg in 2020. On the other hand, the size of the Korean plant-based milk market, excluding soy milk, has grown steeply from about \$8.3 million in 2016 to about \$43.1 million in 2020, and the industry predicts that it will grow to \$66.8 million in 2025.

Maeil Dairy, one of the top 3 Korean dairy companies, is the first company to enter the alternative milk market in Korea. Maeil Dairy exclusively produces and distributes Blue Diamond's "Almond Breeze" in Korea since 2015 and also introduced "Amazing Oat," a high-protein alternative milk using oats. CJ CheilJedang, the largest food processing company in Korea, entered the market by launching "ALTIVE," a plant-based milk brand, in June of 2022. Dongwon F&B, the other major food processor, also released two types

of plant-based milk, called "Green Denmark" oats and almonds, made by grinding whole grains in early 2022. Also, beverage companies such as Coca-Cola or Starbucks introduced coffee drinks containing plant-based milk, especially oat milk, in 2022 and 2021.

- 2. Food Package Trends:** The food industry's "Less-plastic" transition policy is gaining momentum, and paper packages have recently spread noticeably. According to Korea Statistics, the paper food container market was about \$392.2 million in 2021, an annual average growth of 8.2 percent over the past five years. It expects to grow to \$400 million by 2023. This trend especially reflects the tendencies of younger generations, the 20s and 30s, who value "sustainability" and "eco-friendly trends." In particular, the importance of the circular environment system, including local policies such as restrictions on the use of disposable products and the supply of multi-use delivery boxes, is increasing, and the market's growth is gaining momentum. In September, the Korean government announced that it would establish a "cyclical system" that leads to reuse and rehabilitation after consumption from the existing "linear economy" that leads to the production, consumption, and disposal of products. In line with this trend, the food industries, including confectionery and beverage companies, are also speeding up eco-friendly management by changing existing plastic packaging materials and eco-friendly materials that are easy to recycle when producing products.



### III. REGULATION & TRADE UPDATE

- 1. Distribution Record Managements for Specific 18 Imported Agricultural Products:** The National Agricultural Products Quality Management Service plans to take the lead in public relations, information realization, and follow-up management for the stable

settlement of 18 items subject to distribution history management. The Korea Customs Service has been in charge of managing distribution records for imported agricultural products. However, it has been customs-managed by the National Agricultural Products Quality Management Service since January 1st of 2023, as the number of items subject to distribution record management has lowered management efficiency and the need to link "control distribution record and origin." Distribution record information tracking and management are carried out by importers and distributors, who are obligated to report distribution history, entering transaction details through the distribution history management system ([www.naqs.go.kr/pass](http://www.naqs.go.kr/pass)). The Agricultural Research & Extension Service, which began its work in January, has expanded four items from 14 imported items: onions, bellflower, frozen garlic, beans, peanuts, kimchi, danggui, red beans, dried red beans, sesame powder, astragalus root, foxglove, and peony to manage a total of 18 items.

#### **IV. UPDATES ON WUSATA PROJECTS**

- 1. 2022 Korea Dried Fruit & Nut Inbound Delegation to IBIE (Las Vegas) and New Mexico:** The follow-up report for 2022 Korea Dried Fruit & Nut Inbound Delegation to IBIE and New Mexico was submitted to project managers in October.
- 2. 2022 Korea Consumer-Oriented Outbound Mission:** Business meeting arrangements and inviting Korean buyers to the business networking reception were actively conducted in October for 15 WUSATA participants of the 2022 Korea Consumer-Oriented Outbound Mission. Also, in-person events were prepared, especially for venue arrangements of the business meetings and reception, group schedules, retail visits, Korean company visits, market briefing & participant orientation, and printings.
- 3. 2022 Korea Restaurant Promotion Featuring WUSATA Region Products:** As a result of menu developments, Haevichi developed 20 menus with 5 WUSATA participants' products in October which will be sold at 3 branch restaurants in November. Also, plans for social media activities and an article release were set with project managers' recommendations. The menu promotion event will be organized for one month of November 2022 in Seoul, Goyang, and Busan.
- 4. 2022 Korea Animal Feed Outbound Mission:** For the 2022 Korea Animal Feed Outbound Mission, business meeting arrangements and preparations for the seminar were conducted in October in cooperation with Korea Feed Ingredients Association (KFIA). KBSI developed all promotional materials, including an invitation, WUSATA

company profiles, the web portal, and meeting & seminar registration forms. With this information, KFIA distributed the invitation to their members and related feed companies to invite them to the seminar and business meetings. Also, KBSI arranged the FAS Seoul's market briefing and group visits to Korean feed companies separately.

5. **Monthly Korea Work Group Meeting:** The monthly Korea work group meeting was organized on October 25th. KBSI updated recent agendas in Korea, including travel information, and the COVID-19 situation, especially for the upcoming 2 outbound missions to Korea. Also, Korean food market updates were made for the Korea work group, and KBSI and each project manager made updates for individual activities in 2022.
  
6. **"5 Minute Briefs from Seoul" Newsletter:** On October 4<sup>th</sup> and 18<sup>th</sup>, "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.