

# MARKET INTELLIGENCE UPDATE

## South Korea, February 2023

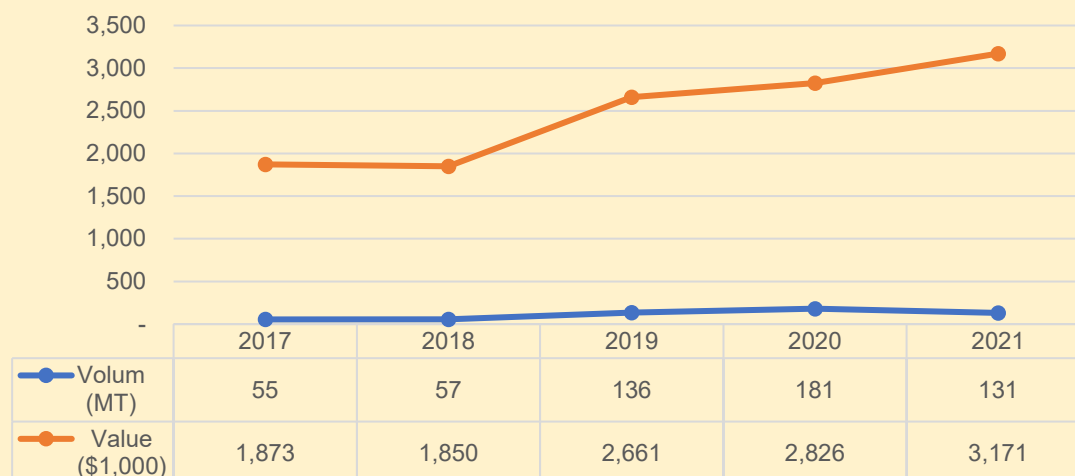
### I. MARKET INTELLIGENCE UPDATE

- Korea's Medical Food Market:** Medical food in Korea is defined by the Ministry of Food and Drug Safety as "special medical food," which is prepared to provide oral or enteral meals to people with limited ability to eat, digest, absorb, or metabolize, or who have special nutritional requirements due to diseases, surgery, and other conditions.

The production of medical food in Korea has been increasing year on year, with a 6.8% growth from 45,762 tons in 2020 to 48,872 tons in 2021. Its production value also grew by 19.2% during the same period, from 82.4 billion won (approximately \$82.4 million) to 98.3 billion won (approximately \$98.3 million). These figures represent the highest production volume and value in the last five years.

While the market share of imported medical foods is not high for the overall market size, with only \$3.17 million worth of imports, imports are steadily increasing due to the growing domestic medical food market. This growth is driven by the aging population and increased interest in health amid COVID-19, leading to expanding demand for various products that meet consumers' needs, even for general consumers looking for meal replacements. Among the imports, products for people with congenital metabolic diseases account for 62.1%. Figure 1 shows Korea's medical food imports from 2017 to 2021:

Figure 1. Korea's Medical Food Imports



(Source: Korea Agro-Fisheries & Food Trade Corporation)

Lastly, raw materials such as dextrin, casein sodium, isolated soy protein, and canola oil, which are used in Korea's medical foods, are dependent on imports. The growth of the country's medical food market is expected to provide positive opportunities for U.S. suppliers, both for retail packaged products and raw materials.

- 2. Korea's Salad Market:** The salad market in Korea is notable for its growing consumer base, including those who opt for salads for lunch and dinner. According to the Korea Rural Economic Research Institute, the domestic fruit and vegetable market was estimated to be worth 1.13 trillion won (equivalent to \$1.13 billion) in 2020. Additionally, the number of vegetarians in Korea is steadily increasing, with the Korea Vegetable Association reporting that there were approximately 2 to 2.5 million vegetarians in 2021, over 16 times higher than in 2008 (150,000). The Association also predicts that the domestic vegetarian population, currently at 4 to 5%, will continue to expand in the future.

The trend for healthy food, particularly since the COVID-19 pandemic, has contributed to the growth of the salad market. Notably, the customer base for salads has expanded beyond women in their 20s, with an increase in male customers as well. The demand for salads, particularly among office workers interested in maintaining good health, has further driven the market growth. Major Korean food companies such as Yakult Korea, Dongwon Home Food, and SPC Group have responded to this trend by launching new salad-related products and restaurant businesses. Consequently, major salad stores have focused on commercial districts in major business districts in the metropolitan area.

## II. REGULATION & TRADE UPDATE

- 1. New Requirements for Importers of Health Functional Foods Announced by Ministry of Food and Drug Safety:** The Ministry of Food and Drug Safety will implement a new system from April 1 to October 31, 2023, requiring the submission of a food safety management system certificate for high-risk items produced by overseas manufacturing companies. The Ministry plans to expand the number of items subject to differential registration in the future, and it will start with health functional food this year. Therefore, importers of health functional foods must submit a certificate recognized by the government of the exporting country or internationally when registering an overseas manufacturing establishment. The recognized certificates by the Korean government for private certifications are as follows:

- *ISO 22000*
- *HACCP*
- *GMP*

- *Global Food Safety Initiative (GFSI) Approved Standards: FSSC22000, BRCGS, SQF, IFS, and others GFSI Approval Standard such as GRMS.*

During the pilot project operation period this year, overseas manufacturing companies can be registered without submitting certificates, but this will change for next year's local inspection. The Ministry aims to institutionalize and continue to expand the applied items so that people can consume imported foods that are safe from the overseas production stage. Meanwhile, the number of currently registered US facilities with the Korean government is 364, as the US is the number one exporter of health functional foods. For approved US facilities, there are 80 with GMP certification, 41 with GFSI certification, 2 with HACCP certification, 1 with ISO22000 certification, and 1 with other certification.