

THE PORK MARKET IN KOREA

July 2020

AHDB

Overview of Korea's pork market

Introduction

The Republic of Korea is an important pork market in the Asian region. Korean pig meat imports have increased by 40% over the past 5 years, reaching around 500,000 tonnes in 2019. The market for imported processed pork has also experienced growth in recent years.

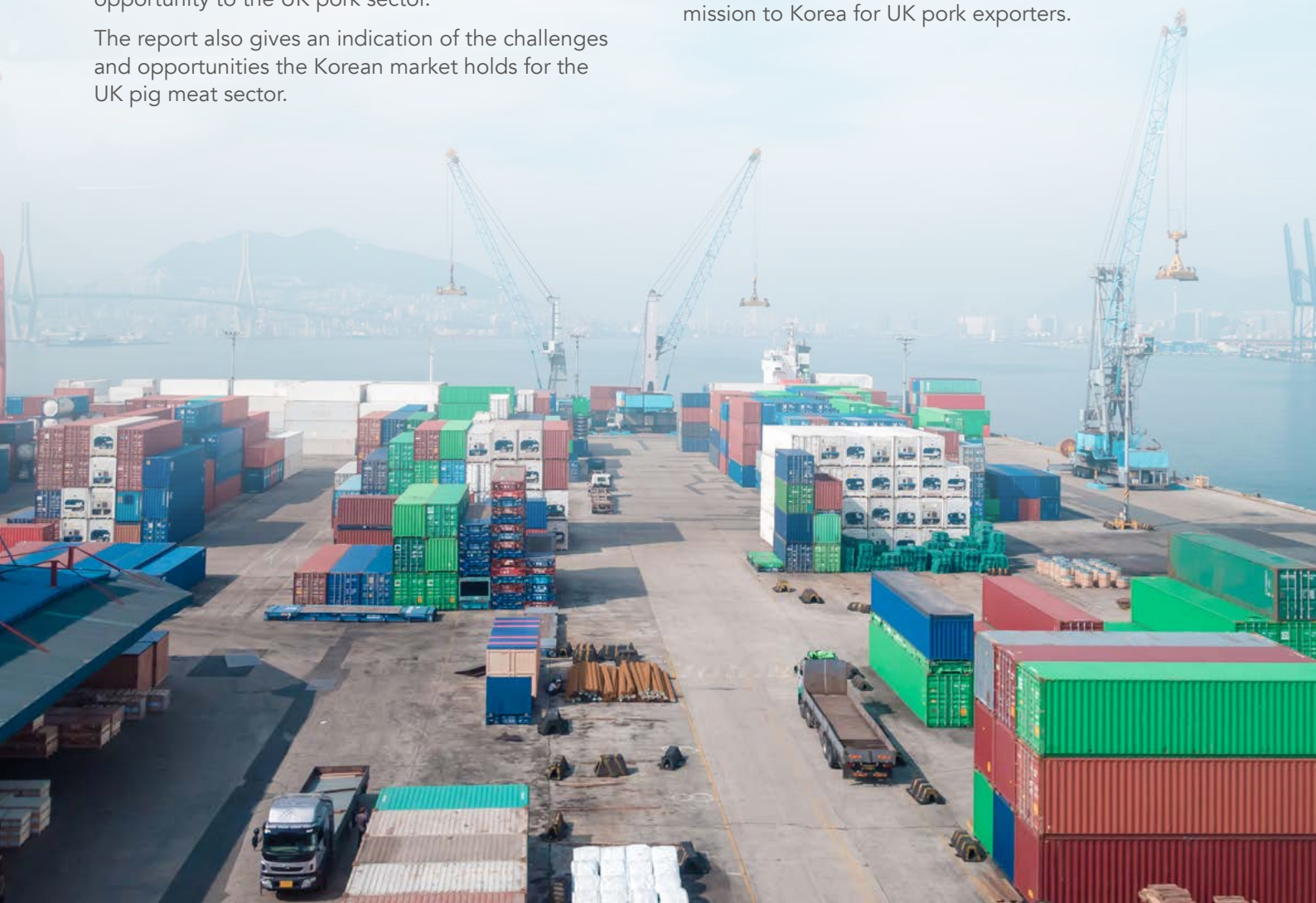
AHDB has worked with the British Chamber of Commerce in Seoul to produce this report. It gives an overview of the Korean market and its trends and of processor and potential import companies.

Korea has experienced strong growth in meat consumption. Average per capita consumption, which was reported to be nearly 56 kg in 2019, is predicted to increase further to 61 kg. Pork is the protein of choice for Korean consumers, with the third largest per capita consumption in the world. Combined with a population of 51 million consumers, this offers an opportunity to the UK pork sector.

The report also gives an indication of the challenges and opportunities the Korean market holds for the UK pig meat sector.

UK exports to Korea peaked in 2016. As competition has increased and other markets strengthened, shipments have eased. On 22 August 2019, the UK signed a continuity trade agreement with Korea, allowing businesses to keep trading freely after Brexit. It is opportune for the UK pork sector to now look at the Korean supply chain and explore the opportunities the market presents.

As a next step, AHDB has been exploring the opportunity to lead a UK pork exporter mission to Korea, to include first-hand market insight, retail engagement and – importantly – business-to-business introductions with supply chain participants. In the short-term, the current Coronavirus pandemic means this mission is not possible. However, Korea will continue to be a market of interest to the sector in the all-important Asia region. When in-market activity can resume, the team will plan a targeted export mission to Korea for UK pork exporters.



Korea's meat market: structure and characteristics

The average Korean consumed 55.8 kg of meat in 2019. According to the Korea Meat Trade Association (KMTA), this number is projected to reach 61.2 kg by 2028. Although this is relatively less than the average of most of the member countries of the Organisation for Economic Co-operation and Development (OECD, 70.1 kg), meat consumption in Korea has been steadily increasing year-on-year and is a substantive market.

As shown in Table 1, of all meat consumed in 2019, pork was the most common. In that year, Korea's per capita pork consumption was the third largest in the world after the European Union (EU, 35.5 kg) and China (30.4 kg). The consumption of other types of meat, such as sheep meat, are negligible and as such, not recorded by the Government.

Table 1. Production, importation, consumption and local share

	Primary beef	Primary pork	Chicken	Total
Production (tonnes)	245,000	969,000	636,100	1,850,100
Importation (tonnes)	427,000	421,000	177,800	1,025,800
Consumption (tonnes)	672,000	1,390,000	761,100	2,823,100
Consumption per capita (kg)	13.0	28.0	14.8	55.8
Shares of local production (%)	36.5	72.3	78.1	62.3 (average)

Source: Ministry of Food and Drug Safety (MFDS) 2019

The division of annual imports of primary pork by cut is shown in Table 2.

Table 2. Annual imports by primary pork cuts, Korea (2019)

Primary pork cuts	Annual imports (tonnes)
Pork belly	165,000
Shoulder	152,000
Boston butt	66,000
Loin	16,000
Ribs	11,000
Hind leg	10,000
Others	1,000

Source: MFDS

According to the Ministry of Food and Drug Safety (MFDS), Korea imported 421,000 tonnes of primary pork meat in 2019. As shown in Table 3, the three countries from which Korea imported the most primary

pork were the United States of America (USA), Germany and Spain.

Imports from the USA and Germany were made less expensive because, in 2013 and 2014, tariffs were lowered to 0%. This probably spurred an increase in their appeal. Spanish pork imports also benefited from the increasing appetite for Iberico pork, which is 30% more expensive than popular domestic pork belly and shoulder meat and is widely recognised by consumers to be a premium pork option.

Table 3. Primary pork meat imports by country of origin (2019)

Country	Proportion of imports (%)	Volume of imports (tonnes)
USA	41.3	174,000
Germany	18.5	78,000
Spain	13.5	57,000
Canada	5.9	25,000
Chile	5.9	25,000
Netherland	4.7	20,000
Austria	2.3	10,000
Mexico	1.9	8,000
Denmark	1.9	8,000
France	1.18	5,000
Ireland	0.7	3,000
Finland	0.7	3,000
Others	1.18	5,000

Source: MFDS

Korea's processed meat market, worth £638 million in 2019, has been growing at an annual growth rate of 3% from 2011 (Figure 1). Compared with 2018, sales volumes of sausages and bacon increased to 5.7% and 5.0%, respectively, while plastic-wrapped and tinned ham sales volumes decreased to 2.4% and 5.8%, respectively, in 2019.

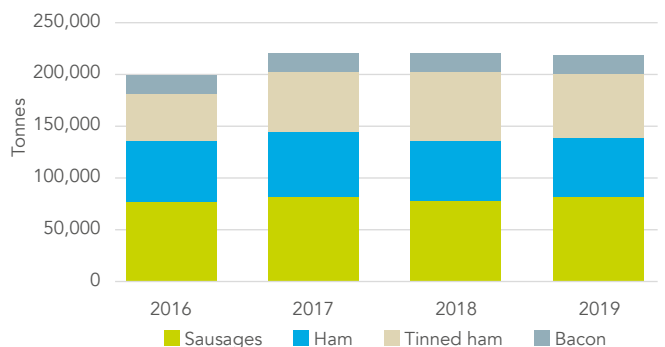


Figure 1. Sales volume of processed meat products in Korea (2019)
Source: Korean Meat Industries Association

Processed meat imports

In 2019, 72,920 tonnes of processed meat products were imported into Korea, accounting for 7.1% of total meat imports. Figure 2 shows that while the importation of ham and sausages have remained at similar levels, the importation of other processed meats have increased substantially, by 37%, between 2017 and 2019 (64.8% of these other processed meats was seasoned meat, followed by 11.6% ground processed meat and 9.5% beef tallow). Seasoned and ground processed meat were mostly used in the manufacturing of home meal replacement (HMR) products.

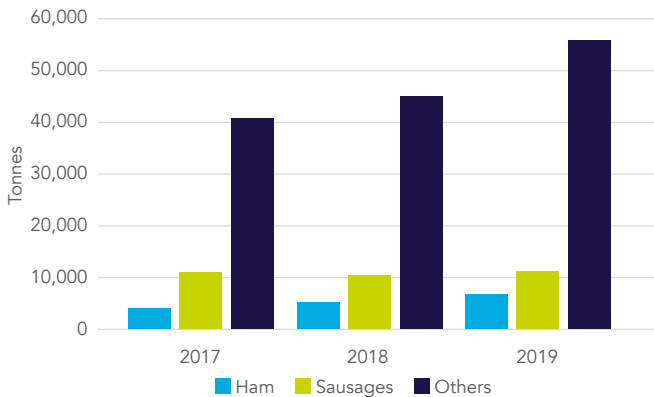


Figure 2. Korean processed meat imports by type (2019)

Source: Korean Meat Trade Association (stats.gov.cn/tjsj/ndsj/2019/indexch.htm)

Processed meat product types in Korea

In Korea, both Vienna and Frankfurter sausages are made from pork and wrapped in cellulose or collagen casings. The main difference between the two sausages is the size: Vienna sausages are 3 cm long and Frankfurter sausages are 12 cm in length. Their small size means that Vienna sausages are considered to be more convenient for children to eat and are therefore consumed by a younger demographic, primarily in schools. Frankfurter sausages, however, are consumed by an older demographic, including the growing number of Korean consumers who go camping.

Korean processed meat products types include:

- Bacon
- Ham
 - Tinned ham
 - Plastic-wrapped unsliced ham
 - Plastic-wrapped sliced ham
- Sausages
 - Vienna
 - Frankfurter
 - Mini

Distribution structures for meat products in Korea

Figure 3 shows the structure of the imported primary beef and primary pork markets, with the corresponding distributed quantities in the Korean market for 2019. Most meat products are imported into Korea through local import distributors. Most imports are then distributed through wholesalers, which sell to retailers. Although uncommon, there are cases of food manufacturers directly importing from local distributors.

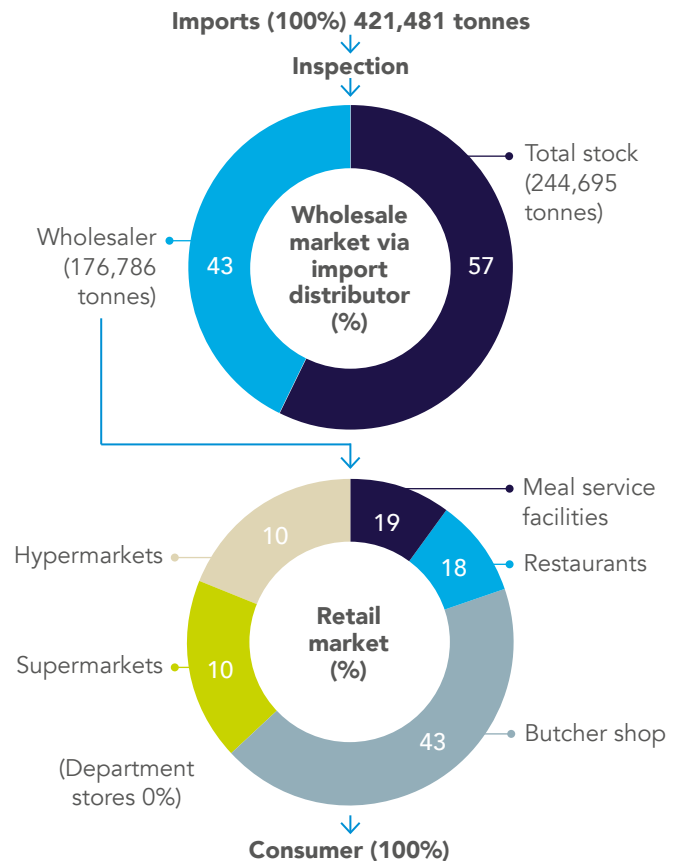


Figure 3. Distribution structure for imported primary pork in the Korean market (2019)

Source: Korea Livestock Economic Institute

Distribution channels for processed meat

Only 25% of all imported ham and sausages is sold to food service companies for use in pizzas, hotdogs or hamburger franchises.

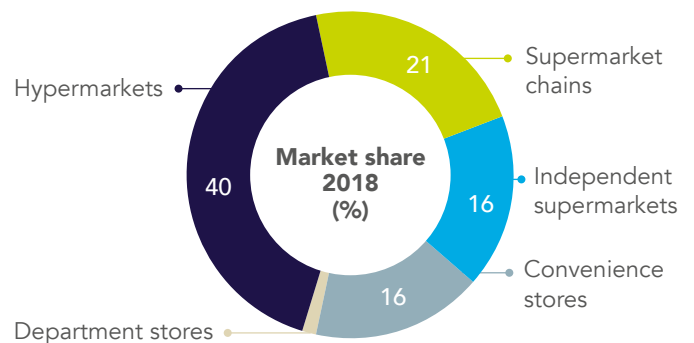


Figure 4. Market share of ham and sausage products sold by retail channel (2018)

Source: Korea Agro-Fisheries & Food Trade Corporation

Key market trends

The home meal replacement (HMR) market is on the rise

The rising single-person household population has contributed to the growth of the HMR market and a gradual increase in the use of processed meat in these products. The market saw a 40.1% increase in sales from £795 million in 2016 to £1.1 billion in 2017, with packaged pork and seasoned processed meats among the most used in these meals. Ninety per cent of the meat in these products is imported.

Processed meat consumption rises with the popularity of camping

Camping has become a popular pastime for Korean people; 6 million people went camping in 2018, which was a substantial jump from just 820,000 in 2010. Correspondingly, the camping market has grown in size from just £12m to £1bn in 10 years. Growth in the camping market has led to an increase in the consumption of ham, sausages and bacon, as well as pork belly, shoulder loin and ham/leg.

Delicatessens look for a wider variety of processed meat as demand grows

The number of delicatessens in Korea has increased from 4,818 in 2014 to 13,251 in 2019. These stores, tapping into the market of younger Korean consumers who are keen to buy the products they tried on holiday, sell authentic European-style processed meats, such as charcuterie, jamon and schweinshaxe. SPC Samlip's, 'Glucks Schwein' and S Food's 'Johncook Deli Meat' are among the most popular and operate in both department stores and hypermarkets.



Major processed meat manufacturers in Korea

The Korean processed meat market is dominated by large conglomerate affiliates. CJ Cheil Jedang, part of CJ Group, and Lotte Food, part of the Lotte Group, occupy 50% of the market (see Figure 6), but there are several other players.

CJ Cheil Jedang Corporation

cj.co.kr

CJ Cheil Jedang Corporation is a food service company established in 1953 as a sugar and flour manufacturer. It has two business divisions: food and biotechnology. Its food business has over 30 brands, including three processed meat product brands for sausages, ham, spam, and bacon. Launched in 1980, Beksul is CJ Cheil Jedang's own ham and sausage brand. It also has a meal kit brand called 'COOKIT', which was launched in 2019 and has over 60 different menus representing Korean, Japanese and Italian cuisines. The company's products include Frankfurter and Vienna sausages, sliced ham, ham and bacon. Its main processed meat product, spam, ranked first among the tinned ham products and hit cumulative sales of £2.5bn over the last 32 years. The company's annual revenue was £11.1bn in 2018; the food service division contributed £3.3bn to this.

Lotte Foods

lottefoods.co.kr/eng

Lotte Foods is a major Korean food company established in 1958. Its main areas of business include ice cream and cooking oil. It carries over 30 brands, 11 of which are for processed meat products. Products in its portfolio include tinned ham, sliced ham, ham, Vienna sausages, Frankfurter sausages and bacon. In 2017, Lotte Foods launched its premium processed meat brand, 'La Cuisine', which offers processed meat products like roast ham and pulled pork and a rich brown sausage that is popular in fine dining restaurants. Lotte Foods reported annual revenues of £1.1bn in 2018.

Dongwon F&B

dongwonfnb.com

Dongwon F&B was established in 1969 as a tinned tuna manufacturer. At present, its main businesses are producing condiments and processed foods. The company carries 22 brands, four of which are processed meat brands including sausages, ham, spam and bacon. Dongwon F&B's main processed meat offerings are 'Green Tea Ham' (pork from pigs fed with green tea additives) and a premium HMR brand 'Cuisine', which was launched in 2018 with products such as steak and hotdogs. The company also carries Richam, its own tinned ham brand, which is ranked second in terms of market share among all tinned ham products. Dongwon F&B's annual revenue was £1.7bn in 2018.

Nonghyup Mokuchon

moguchon.co.kr (website not available in English)

Nonghyup Mokuchon, established in 1995, processes, preserves and sells pork meat and chicken products. It started out as a manufacturer of ham (using only domestic pork) and entered the poultry business in 1999. Its key products are processed meats, including Frankfurter sausages and ham. It carries 16 brands, four of which are for processed meat products. In 2016, the company launched its premium ham and sausage lines, which use 100% domestic meat mixed with fruit blend extracts. Nonghyup Mokuchon reported annual revenue of £361m in 2018.

Jinju Ham

jinju.co.kr (website not available in English)

Jinju Ham was established in 1963 as a manufacturer of ham, sausages and fish cakes. It has a total of nine brands, four of which are processed meat brands. Its most popular, 'World's Strong Man's Mini Sausage', was the best-selling mini sausages brand in 2017. In 2015, Jinju Ham launched its premium ham and sausage lines, made from 100% domestic pork meat and produced using new 'Juice Control' technology, which allows meat to be cut into larger pieces, thereby preserving more juices. The technology took more than 2 years to develop. Jinju Ham also launched a dining pub in 2016, where its premium sausage brand and German schweinaxe can be enjoyed with beer. Jinju Ham reported annual revenue of £73m in 2018.

Sajo Oyang

oy.sajo.co.kr/eng/index.asp

Sajo Oyang, established in 1969, is the fisheries business arm of Sajo Group. In 2015, it acquired Sajo Nambu Ham, which is Sajo's processed meat product business. Its food business includes products such as fish and crab cakes, ham, sausages, bacon and frozen dumplings. Sajo Oyang reported annual revenue of £189m in 2018.

Daesang

daesang.com

Daesang was established in 1956 as a manufacturer of food additives and traditional Korean pepper and bean pastes. It has two main business divisions: food and food materials, and it carries 11 brands. Its main line, Chungjungwon, includes ham, tinned ham, sausages and bacon. In 2017, it launched the online-only brand 'Home On', which is an HMR brand using seasoned meat. Daesang reported annual revenue of £1.8bn in 2018, of which its food division's annual revenue was £1.6bn.

Profiles of potential importers

This section provides profiles of 13 potential importers into Korea and is divided into two sections: import distributors and import manufacturers.

Import distributors

The BCKK contacted each of the six major potential import distributors in Korea, to understand their current priorities, the types of processed meat they import and their future strategies. Each profile includes the feedback received from the individual during the telephone call.

Ara Company Ltd.

araco.co.kr/eng

Mr Sungjune (June) Park (Vice President)
2nd Fl, Dongah Silk Bldg, 607-13, Shinsa-dong,
Gangnam-gu, Seoul

- Established in 1989
- Number of employees: 15
- Imported products:
 - Fresh frozen pork from France, Belgium, Hungary, Spain, Austria, Germany and the USA

Ara Company Ltd imports general meat products. It does not typically import processed meats because it believes that consumer tastes are too changeable, as well as that locally produced processed meat products manufactured by conglomerates in this market are dominant. As such, Ara Company Ltd is interested in importing fresh frozen pork only.

Mr Park, a VP at the company, explained that when selecting fresh frozen meats to import, they look for brands that are well established in their home markets.

Revenue: £6.5m (2018)

Costco Korea

costco.co.kr

Ms Soojin Kwon (Buyer, Deli Team)
Mr Hochin Chang (Buyer, Cooler Team)

40 Iljik-ro, GwangMyeong-Si, Gyeonggi-Do

- Established in 1994
- Number of employees: +100
- Imported products:
 - Ham, sausage, bacon from the USA, Spain and Italy

Both the Deli and Cooler Teams are in charge of importing processed meats. Mr Chang, from the Cooler Team, explained that they primarily import bacon and ham from the USA. According to Ms Kwon, from the Deli team, ham and sausages are imported from the USA, Spain and Italy. Neither team has any experience with importing meat from the UK, but they

would be happy to review this if there are products that are popular in their home market and have a shelf-life of 50 days or more for exportation.

Revenue: £2.7bn (2019)

Gowoo International, Inc.

gowooint.co.kr/english.html/index_e.html

Ms Sora Ahn

Rm 637 Acrotel, 140-3 Samsung-dong,
Gangnam-gu, Seoul

- Established in 1991
- Number of employees: 6
- Imported products:
 - Ham, tinned meat, bacon, sausage from Denmark

According to Ms Ahn, the company currently imports only from Denmark. It is willing to review any UK products, but would require more information about the UK company and receive a product catalogue for internal review.

Revenue: £2M (2015)

Highland Foods Co. Ltd.

eng.highlandfoods.co.kr/

Mr Kyungin Min
(Team Manager, Overseas Business Team)

Rm 3403 COEX, 159-1 Samsung-dong,
Gangnam-gu, Seoul

1562, Nakdong-daero, Sasang-gu, Busan

- Established in 1999
- Number of employees: 20 in Seoul and 20 in Busan (Korea's second city)
- Imported products:
 - Pork from a variety of countries and jamon from Spain

Highland Foods imports over 3,500 tonnes of meat (pork, beef, chicken and lamb) annually from many different countries. It imported pork from the UK until early 2020, but the UK partner was not supportive when there was a problem with the supply chain and did not respond to emails, so this relationship was ended.

However, the company remains willing to work with a UK manufacturer that can localise tastes to some degree.

Revenue: £281m (2018)

Korea Tourist Supply Centre

kts.co.kr

Mr Donghwan Hwang
(Assistant Manager, Processed Meat Department)

636 Chunhodaero, Gwangjin-Gu, Seoul, Korea

- Established in 1972
- Number of employees: 120
- Imported products:
- Bacon: USA
 - Pork: USA and Australia

According to Mr Hwang, the company used to import bacon, sausage, ham and prosciutto, but is increasingly purchasing from domestic manufacturers. It currently imports bacon from the USA only. However, he is interested in reviewing the importation of UK products, if they are relevant to the local consumer.

Revenue: £107m (2018)

S Food

s-food.co.kr

Ms Yoon Jiyong (Purchasing Team)
2729 Nambusunhwan-ro, Dogok 1(il)-dong,
Gangnam-gu, Seoul

- Established in 1976
- Number of employees: 500
- Imported products:
 - Pork from Spain

According to Ms Yoon, S Food imports dried pork from Spain only. It uses domestic pork to produce its own processed meat products, so importing foreign meat is a top priority, but the company can review processed meat.

Revenue: £99m (2018)

Import manufacturers

The BCKK contacted each of the seven major potential import manufacturers in Korea to understand their current priorities, the types of processed meat they import and their future strategies. Each profile includes the feedback received from the individual during the telephone call.

CJ Cheil Jedang Corporation

cj.co.kr/en/index

Mr Sanghun Kwak (Purchasing Team)

500 Namdaemoon 5-ga, Jung-gu, Seoul

- Established in 1953
- Number of employees: 4,338
- Imported products:
 - Pork shoulder from the USA, Canada and Spain
 - Pork belly from Spain, Denmark and Ireland

According to Mr Kim, the company imports most of its pork shoulders from the USA, Canada and Spain. These are used for manufacturing tinned ham and processed foods. Pork belly imported from Spain, Denmark and Ireland are used to produce bacon. From March 2020, the company decided to change its source of Frankfurter and Vienna sausages from imported to 100% domestic pork meat. However, it is potentially interested to find more about different UK fresh meats and processed meat products.

Revenue: £11.1bn (2018)

Daesang

chungjungone.com (website not available in English)

Mr Kwangil Kim (Director, Livestock Team)

Daesang Building, 96-48, Dongdaemun-gu, Seoul

- Established in 1987
- Number of employees: 4,000
- Imported products:
 - Pork from the USA

According to Mr Kim, the company currently imports no processed meat, but is reviewing imports of bacon and sausages from mainland Europe. 'Chungjungone', the company's principal processed meat brand and 'Anjuya,' its HMR brand, both use pork from the USA. In the past, pork has also been imported from Austria, Spain, Germany, Canada, Ireland and France. The company is willing to review UK processed meats if the taste, price and marketability are appealing.

Revenue: £1.8bn (2018)



Dongwon F&B Co. Ltd.

dongwonfnb.com/services/EN/index

Ms Jee Sue Kim (Manager, Marketing Team)

Dongwon Ind Bldg, 257 Yangjae 2-dong,
Seocho-gu, Seoul

- Established in 2000
- Number of employees: 2,503
- Imported products:
 - Bacon from Spain, USA, Canada, Denmark and Ireland

According to Ms Kim, Dongwon principally uses domestic pork for their processed meat products. They only import bacon from Spain and the USA to manufacture a small number of products. However, they are willing to review UK frozen pork products.

Revenue: £1.7bn (2018)

Jinju Ham Co. Ltd.

jinjuham.co.kr

Mr Cheon Youngdo (Purchasing Team)

39, Yusangongdan 7-gil, Yangsan-si,
Gyeongsangnam-do,

- Established in 1963
- Number of employees: 826
- Imported products:
 - Pork from Spain, Germany and Canada

According to Mr Cheon, the company imports pork from Spain, Germany and Canada to manufacture processed meat products. The company is interested in UK products and would be happy to review some.

Revenue: £73m (2018)

Lotte Foods

lotteham.co.kr

Wonseok Lee (Import Meat Buyer at Purchasing Team)

104 Wonhyo-ro 1-ga, Yonsan-gu, Seoul

- Established in 1978
- Number of employees: 2,045
- Imported products:
 - Pork from the USA and EU

According to Mr Lee, the company mainly imports pork shoulders; approximately 80–90% from the USA. It imports pork belly from France and Spain. The company has considered importing UK products, but the price was more expensive and the volume able to be supplied was low. Mr Lee would be happy to review products if they are competitive in price and larger volumes are available.

Revenue: £1.1bn (2018)

Nongshim Co. Ltd.

nongshim.com

Ms Jungmin Lee (Product Marketing Team)

370 Shindaebang-dong, Dongjak-gu, Seoul

- Established in 1965
- Number of employees: 4,832
- Imported products:
 - Tinned ham from Denmark

According to Ms Lee, the company imports tinned ham from Tulip of Denmark and supplies it to food service companies and restaurants. It does not import any fresh frozen pork at present and are not looking to enter this market.

Revenue: £1.5bn (2019)

Sajo Oyang

sajo.co.kr/eng

Mr Jaemin Lee (Purchasing Team)

2159 Nambusunwhan-ro, Seocho-gu, Seoul, Korea

- Established in 1969
- Number of employees: 600
- Imported products:
 - Pork from the USA, Spain and Germany

Sajo Oyang imports meat from the USA and EU countries such as Spain and Germany. However, when manufacturing processed meat products, domestic pork is primarily used. The company is not looking to import meat from other countries because it is happy with current suppliers.

Revenue: £189m (2018)



Regulatory overview

Importing meat into Korea

Foreign companies wishing to import processed meat products to Korea must comply with the five-step importation process.

1. Register as a foreign manufacturer
2. Undergo an on-site inspection
3. Complete an import declaration form
4. Submit an export health certificate (EHC)
5. Undertake a quarantine inspection and sanitation test

Figure 5. The process of importing meat into Korea

Source: AHDB

Exporting to Korea

Export health certificate 1171EHC may be used to export chilled/frozen pig meat and pig meat products to Korea. Full details of the export health certificate and associated documents are available at: [gov.uk/export-health-certificates/export-pork-and-pig-products-to-south-korea-certificate-1171](https://www.gov.uk/export-health-certificates/export-pork-and-pig-products-to-south-korea-certificate-1171)

Some of the requirements to export to Korea are listed below.

- The exporting company must register as a foreign manufacturer through the Ministry of Food and Drug Safety (MFDS)'s online civil petition system.
 - This must be done 7 days before the exporter makes an import declaration (importers can also do it on behalf of the exporting company). The MFDS then completes an on-site inspection of the company's manufacturing facilities in its home country and decides whether or not to approve the application. Should the company refuse this process, they will not be able to export their food to Korea
 - To export pig meat to Korea, UK meat establishments must be officially recognised by the Korean authorities as eligible to export pig meat and pig products to Korea. This means that all slaughterhouses, cutting and manufacturing premises and cold stores, from where pork and pig meat products are intended to be exported to Korea, must be included on the current list of approved establishments maintained by the Korean veterinary authorities
 - Further details can be obtained by contacting the Central Operations for Exports in Carlisle at product.exports@apha.gsi.gov.uk
- Before making arrangements, UK meat exporters should contact the UK Trade and Investment Team at the British Embassy, Seoul, for information on import documentation requirements
Email: yoona.lee@fco.gov.uk

- All meat intended for export to Korea must be separately stored and segregated from meat not intended for export to Korea. All meat eligible for export to Korea must be clearly identified throughout the export process
- Meat intended for export must have been produced from pigs that were either born and raised in the UK, or imported from countries eligible to export to Korea and raised in the country of export for more than 3 months before slaughter
- Shipment of pork between approved and non-approved countries to export to Korea is not permitted (please see the list of countries authorised to export to Korea)
- Animal health requirements must be met. These include the UK being free of foot-and-mouth disease and classical swine fever for 1 year before export and from African swine fever for 3 years before export
- The UK has reached an agreement with Korea to update the approval numbers of all UK establishments listed with Korea. With effect from 30 September 2019, the approval/registration numbers for establishments listed to export pork and pig products to Korea will no longer reference 'UK' or 'EC'. The format of the approval/registration number, without the UK prefix and EC suffix shall be used and entered, where appropriate, in 1171EHC export health certificates
- Korean veterinary authorities specify that microbiological food safety and monitoring tests must be carried out on pig meat to be exported from the UK to Korea. Two testing regimes are required:
 - Routine sampling of pig carcasses by an approved carcass swabbing method for *Escherichia coli*, *Salmonella* and total viable count (aerobic plate count)
 - Testing of 25 g samples taken from the cuts of pig meat making up each consignment for *E. coli* and total viable count (aerobic plate count)
- Export health certificates (EHC) and supplementary health certifications must be signed by a recognised official veterinarian. A certified copy of the completed EHC must be sent to the Animal and Plant Health Agency (APHA) within 7 days of signing (or to the Department of Agriculture, Environment and Rural Affairs, DAERA, in Northern Ireland)

When the MFDS has approved a registration, the foreign company can begin exporting to Korea. For each product shipment, the foreign company must make an import declaration and submit the EHC issued by the UK Government to the Animal and Plant Quarantine Agency (APQA) portal, or to the Korea Custom Center portal 'UNIPASS'. Upon submission, the shipment must go through quarantine inspection

by APQA. When this is completed and approved, the shipment will be sent to the Korean Customs Service before entering into the country.

For more information about MAFRA and MFDS regulations concerning processed meat imports, please visit:

MAFRA: english.mafra.go.kr

MFDS: mfds.go.kr/eng

On arrival into Korea

When the first consignment of imported meat arrives in Korea from a new exporter, the Korean authorities conduct additional microbiological testing, then at random thereafter. Monitoring tests are carried out for the following microorganisms:

- *Salmonella* spp.
- *E. coli* O157:H7
- *Listeria monocytogenes*

Tariffs

Table 8 shows processed meat products and their respective harmonised systems (HS) codes, base tariffs and tariffs under the EU–Korea free trade agreement (FTA). On 22 August 2019, the UK signed a continuity trade agreement with Korea, allowing businesses to continue trading freely after Brexit. The agreement is broadly in line with the terms of the existing EU–Korea FTA. The UK–Korea FTA will come into effect on 1 January 2021. Prior to this, tariffs will remain the same as those of the EU–Korea FTA.

Table 4. Processed meat products and their respective tariffs

Product	HS code	Base tariff (%)	Tariff under EU – Korea FTA (%)
Sausages	1601 00 1000	18	0 (1 Jan 2020–6 Jun 2020)
Bacon	0210 12 0000	30	0 (1 Jan 2020–6 Jun 2020)
Hams and ham cuts (in airtight containers)	1602 41 1000	30	0 (1 Jan 2020–6 Jun 2020)
Hams and ham cuts (others)	1602 41 9000	27	0 (1 Jan 2020–6 Jun 2020)
Shoulders and shoulder cuts (in airtight containers)	1602 42 1000	30	0 (1 Jan 2020–6 Jun 2020)
Shoulders and shoulder cuts (others, including mixtures)	1602 42 9000	27	0 (1 Jan 2020–6 Jun 2020)

Source: MFDS



Opportunities and challenges

Opportunities

Single household upward trend drives sales in imported meat-based HMRs

As the number of single households in Korea grows, the demand for HMR products is rising. With a high proportion of imported meats being used in the production of these meals, there is an opportunity for British exporters of seasoned and grinded meats to sell to these producers.

Delicatessens seek new meat products for consumers wanting authentic tastes

The number of delicatessens in Korea is on the rise as the demand for authentic meat products increases. Both franchised and independent premium delicatessens are seeking various meat products to sell to their – largely young and affluent – customers. British producers of such products have an opportunity to supply to this growing channel.

Challenges

Korean consumers' sensitivity to food safety

Korean consumers' quick and often dramatic reaction to food safety issues present a challenge for exporters of meat products. In 2017, Public Health England attributed the origin of a hepatitis E virus outbreak to processed meat products using Dutch and German pork. When this news reached Korea, three major supermarkets in Korea ceased selling processed pork produced from these two countries. This led to a broader boycott of European meat as supermarkets stopped selling Spanish jamon and salami, even though these products were not related to the case. During this period, the major food manufacturer Daesang announced that it would no longer use Dutch or EU pork as main ingredients for its ham and also changed the use of German pork for its bacon. British exporters should therefore be aware of this sensitivity and prepare contingencies in the event of such issues.

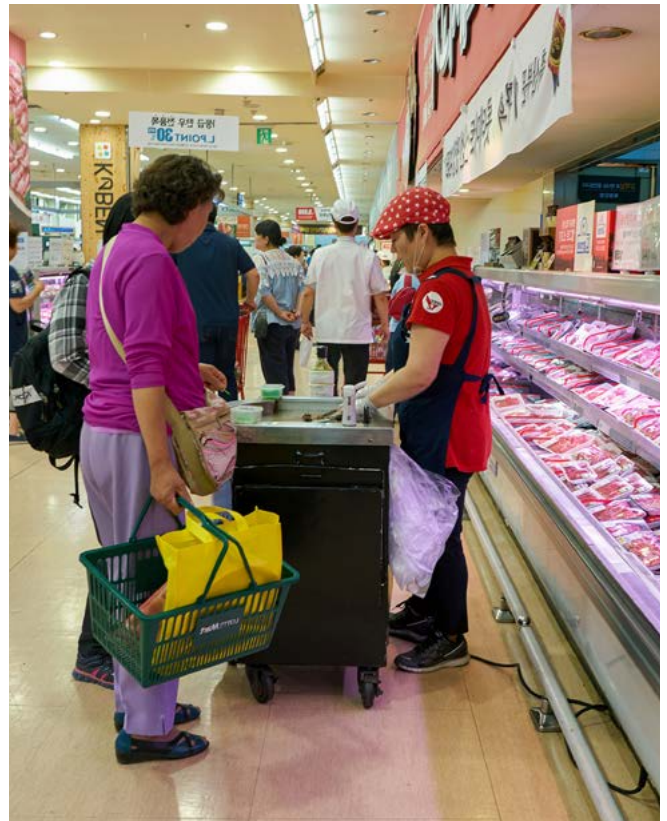
The Korean pork industry's effort to grow the domestic meat industry

Efforts by Korea's major pork associations and trade unions to strengthen the domestic meat industry may hinder UK meat producers' plans to penetrate the market. In February 2019, the Korea Pork Producers Association wrote to all large processed meat manufacturers, asking them to increase their use of domestic pork for processed meat products by 10%. Food import manufacturers Dongwon F&B and Sajo Oyang are following such recommendations, so exporters must be aware of this trend when assessing the opportunity for its meats in the market.



Conclusions

- Korea's meat consumption has grown by a factor of 4.7 in the last 40 years and is continuing to grow
- Pork makes up nearly 50% of Korean meat consumption, followed by chicken and beef
- There are seven major processed meat manufacturers in Korea. The top two, CJ Cheil Jedang and Lotte Foods, have nearly 50% market share
- Processed meat products that have experienced strong growth are Frankfurter sausages, bacon and Spanish Iberico pork
- Home meal replacement (HMR) products that principally use imported meat as a main ingredient are gaining popularity
- In Korea, processed meat products of foreign origin are usually distributed through import distributors. These import distributors typically sell into four major retail channels: hypermarkets, department stores, supermarkets and independent stores, as well as two business-to-business channels: restaurants and food services
- While Korean importers are interested in importing British products, particularly pork products, they are perceived to be expensive. There is also concern over the taste relevance for Korean consumers. A showcase event will be included in a future AHDB Korea mission to start to build the UK's pork reputation



The British Chamber of Commerce Korea (BCKK) researched the Korean market through a combination of desk-based research and telephone calls to relevant stakeholders in the processed meat industry, including the Korea Pork Producers Association (KPPA), the Korea Meat Trade Association (KMTA), the Ministry of Agriculture, Food and Rural Affairs (MAFRA) and the Ministry of Food and Drug Safety (MFDS). BCKK also contacted potential import distributors and manufacturers to gauge their interest in importing British processed meat products.

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