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Export Guide: **South Korea**

Market Research Report



Market Research Report Sea Fish Industry Authority

November 2018

British Chamber of Commerce in Korea



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1. Introduction

1.1 Background and Objectives

Background

The Sea Fish Industry Authority (Seafish) is the UK's only pan-industry body supporting efficiency and sustainability of the industry's stakeholder. Seafish commissioned the British Chamber of Commerce in Korea (BCCCK) to conduct market research in order to update facts and figures of the existing market report generated in 2015 by the Department for International Trade.

Objectives

The BCCCK conducted market research and put together this report in order to provide updated information on trade and industry data, market trends, and regulatory insights pertinent to the Korean seafood market, with an aim to inform businesses and stakeholders of the UK seafood industry.

The objectives of this initiative are to 1) assess the information in the existing OMIS report generated by the Department for International Trade (formerly UKTI) in 2015, and 2) update the report, where applicable, to ensure all the information/statistics are up-to-date.

Scope of Research

The report primarily covers the following areas:

- General trade environment
- Overview of the seafood sector in Korea
- Consumer/market trends
- UK-Korea seafood trade
- Local supply structures
- Main distribution channels including retail and food service channels
- Key regulations including customs, importation and tariffs
- Major seafood tradeshow in Korea
- Conclusions based on the report's findings

1.2 Methodology

The BCCCK conducted this market research through a combination of desk research and meetings with industry stakeholders and experts. Desk research made use of publicly available information collated and analysed from a number of reputable sources including annual reports of government authorities, statistics published by trade associations, trade publications and other news articles. Data are derived from the most recent reports available as the purpose of the report is to provide most updated market information. Specific information sources utilised are listed at the end of this report.

1.3 Terminology & Currency

In this report the following term 'Korea' was used to refer to South Korea.

Primary research conducted by the BCCCK denotes financial figures in GBP. The currency exchange utilised was GBP 1:1462.97 as prescribed by Korea Exchange Hana Bank on November 2, 2018.

Secondary research or data provided in USD was not converted.

2. Overview of the Korean Seafood Market

2.1 Brief Overview of the Korean Economy

Korea is the world's 11th largest economy, measured by Gross Domestic Product (GDP), with USD 1,530 billion in 2017. It is an export-oriented economy, as exports constitute more than 55% of the total GDP, with its key exports including integrated circuits, cars, refined petroleum, passenger and cargo ships, and automotive parts.

Korea is one of the most densely populated countries in the world. The nation has a population of 51 million with over 90 percent living in urban areas. The Seoul Metropolitan Area is the most populous area with more than 10 million residents. Other major cities include Busan with 3.5 million and Incheon with 2.9 million.

Korea's 10 largest conglomerates or *Chaebols* represent 25% of its manufacturing industrial output, while its top 100 companies represent almost 50% of its industrial output. Korea has Free Trade Agreements (FTAs) with 52 countries in effect, including the EU, US, China. Following the UK's referendum to exit from the European Union, the Korean government was quick to state its intention to negotiate a new FTA which replicates the conditions of the existing EU-Korea FTA, in order to provide the continuity of the existing UK-Korea trading and business environment.

As Korea is known as the fastest aging country among OECD member states, demand for healthy and quality food is growing. Seafood and organic food are the main beneficiaries of this trend. The food and drinks market in Korea were estimated to be worth GBP 112 billion in 2017 and is expected to grow year-on-year by approximately 9 percent. The country currently imports around 49 percent of its food consumed within the country as local agriculture and food production fail to keep pace with growing demand for greater variety and higher quality food. Major food exporters to Korea include the US, China, Australia as well as the EU.

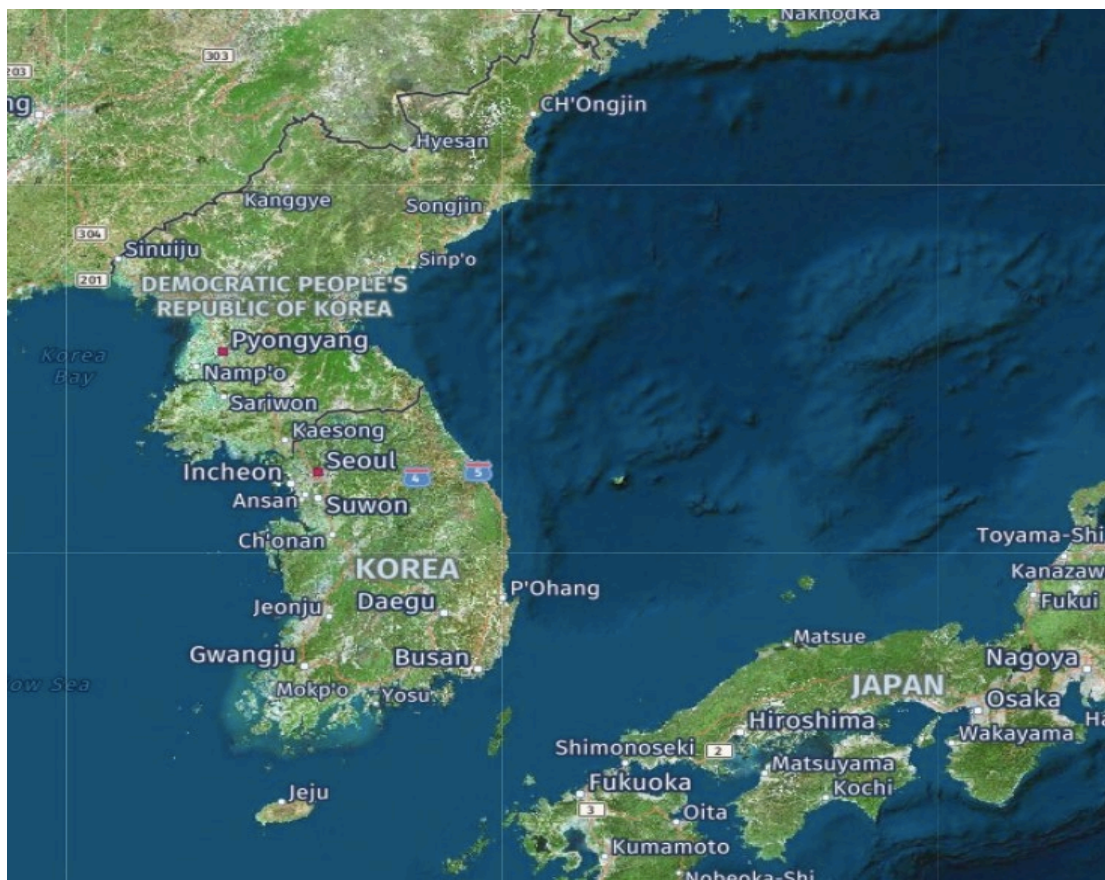
Economic growth, increasing household income and international travel and studying experience all have led to substantial changes to Korean eating habits, and in response to the changes, the range of food available in the market has expanded. Consumption of the main staple food – rice – has declined, while consumption of diverse meat, fruit, vegetables and dairy products has increased. In addition, the younger generation's wide exposure to western-styled food and F&B brands is making the market accept more of western food products.

Table 1. Korea Fast Facts

Population (2018)	51,635,000
Land Area	100,363km ²
Population Density (2018)	517.20/km ²
Capital City	Seoul
Other Major Cities	Busan, Incheon, Daegu, Daejeon
Language	Korean
Political System	Democratic Republic, Presidential System

Religion	Buddhism, Protestant, Catholic
Economy	11th largest economy (by GDP)
Currency	Korean WON (₩)
Exchange Rate (As of 1 Nov 2018)	GBP 1 = 1462.97 WON USD 1 = 1135.82 WON
Total GDP (2017)	USD 1,530 billion
Real GDP Growth Rate (2017)	3.1%
GDP Per Capita (2017)	USD 29,744
Inflation Rate (Aug 2018)	0.5%
Unemployment Rate (Aug 2018)	4%
Value of Exports (2017)	USD 573 billion
Value of Imports (2017)	USD 478 billion
Top F&D Exporting Countries to Korea	US, China, Australia, Vietnam

Sources: Invest Korea, Euromonitor International, The Bank of Korea, Korea Customs Service, The Ministry of Strategy and Finance



Source: Yahoo Maps

2.2 The Seafood Sector

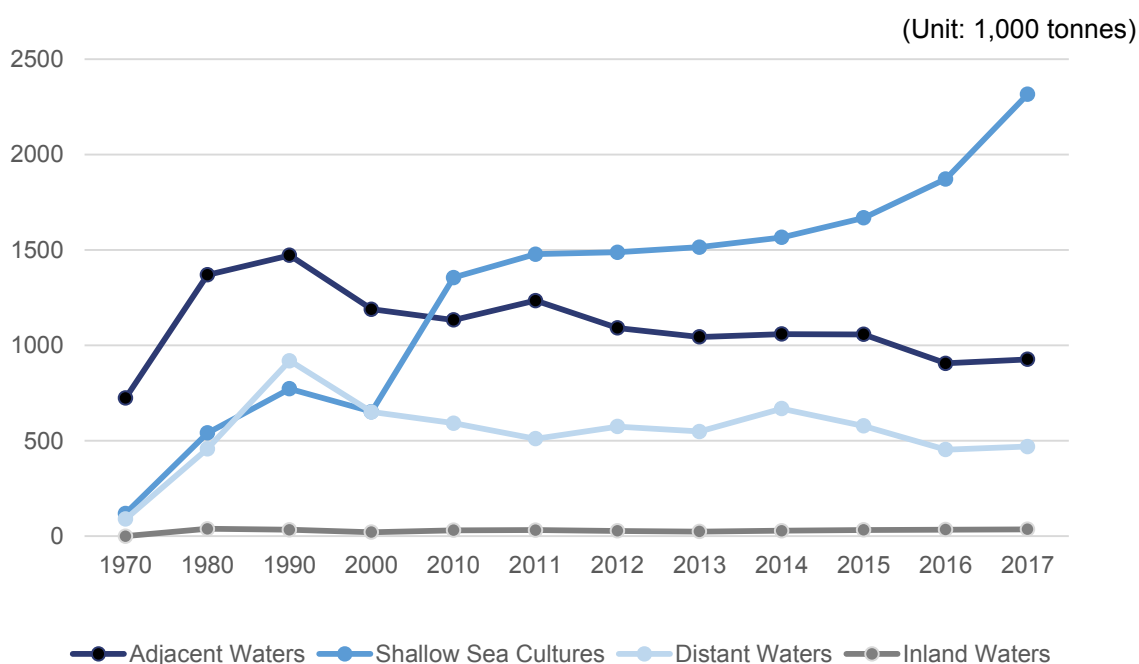
2.2.1 Overview

In 2017, the value of the total seafood production in Korea was USD 8.3 billion. The total seafood production in Korea increased to 3.75 million tonnes, up by 12.5 percent from 3.27 million tonnes in 2016.

By production category, production of shallow sea cultures recorded 2.31 million tonnes (62%) followed by adjacent water fishery with 0.92 million tonnes (25%), distant water fishery with 0.47 million tonnes (12%), and inland water fishery with 36,000 tonnes (1%) in 2017.

With more restrictions on overfishing and the development of advanced eco-friendly farming technology implemented, aquaculture production boosted from 1.84 million tonnes in 2016 to 2.16 million tonnes in 2017.

Table 2. Korean Seafood Production Volume



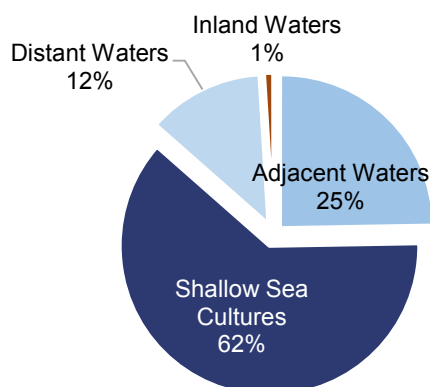
Source: Statistics Korea

Table 3. Total Seafood Production in 2017

(Unit: 1,000 tonnes / 100 million KRW)

	Adjacent Waters		Shallow Sea Cultures		Distant Waters		Inland Waters		Total	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
2010	1,133	39,117	1,355	18,156	592	13,645	31	3,338	3,111	74,257
2011	1,235	44,441	1,478	17,842	511	14,670	32	3,775	3,256	80,729
2012	1,091	39,510	1,488	17,592	575	16,554	28	3,233	3,183	76,890
2013	1,044	37,476	1,515	17,258	549	14,080	25	3,454	3,135	72,268
2014	1,059	37,870	1,566	19,508	669	12,752	29	3,721	3,325	73,852
2015	1,058	37,023	1,668	21,240	578	10,237	33	4,075	3,337	72,574
2016	906	36,359	1,872	23,455	454	10,778	35	4,175	3,269	74,767
2017	927	40,141	2,316	29,600	470	11,890	36	4,560	3,749	86,190

Seafood Production in 2017



Source: Statistics Korea

2.2.2 Production Trends by Waters

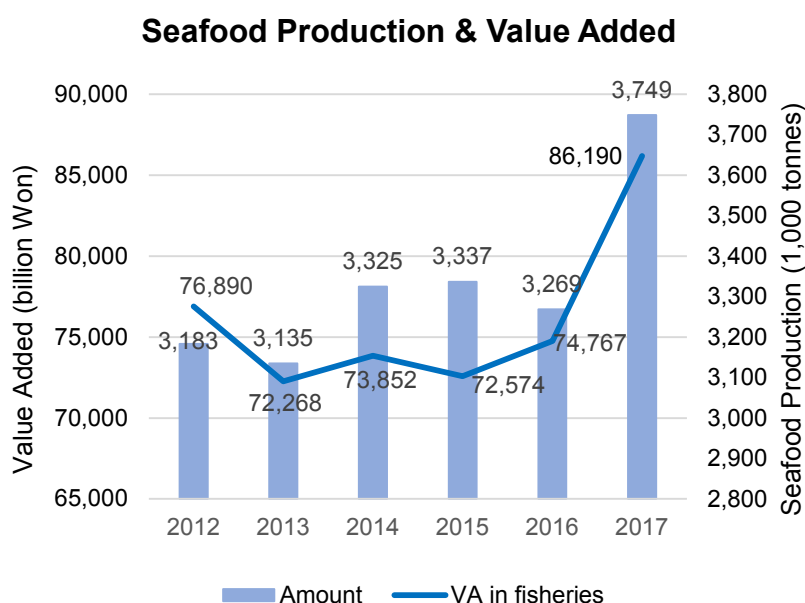
The total fisheries output in distant waters reached its peak at 0.69 million tonnes in 2014 but has since decreased to 0.47 million tonnes by 2017. However, the production in distant waters saw a 10% year-on-year increase in the third quarter of 2018, and the upward trajectory is expected to continue as squid production near the waters of the Falkland Islands by Korean fishing vessels is projected to grow and the Korean government plans to purchase more fishing quotas for tuna in foreign waters.

Fisheries output in coastal waters has been sluggish and is expected to hover around 0.9 million tonnes in 2018. The status quo could continue with the degradation of marine life, due in large part to rising water temperature, illegal fishing by Chinese vessels, and overfishing. Aquaculture became the largest source of fish and seafood in 2017, with production reaching 2,315,775 tonnes, rising almost every year after aquaculture output was first recorded in 2000 at 653,000 tonnes.

Inland fishery production remains small in mountainous Korea, with a production of just 36,160 tonnes of inland freshwater fisheries in 2013.

According to Statistics Korea, the total value of seafood production reached a record high of GBP 5.8 billion in 2017 after a 15.2% rise in 2016 – the first time it exceeded GBP 5 billion in 6 years. According to the Ministry of Oceans and Fisheries, the consumption of seafood by Koreans will increase, and a significant proportion of the additional demand will be satisfied by imported seafood products.

Table 4. Total Seafood Production & Value Added



Source: Statistics Korea

2.2.3 Growth of Aquaculture

Production of shallow sea cultures abruptly increased by 23.7% from 1,872 thousand tonnes in 2016 to 2,315 thousand tonnes in 2017.

As seafood export opportunities with China, Japan and the EU grow, the Korean government has begun to focus on aquaculture in shallow sea areas as means to increase domestic production to fulfill such opportunities as well as to cope with the shortage of fishery resources in the adjacent waters.

The fisheries harvested from adjacent waters consist primarily of squid, mackerel, corvina, hairtail and anchovy. Government efforts to boost aquaculture production in the shallow sea areas clearly indicates the importance of this sector as a future seafood resource.

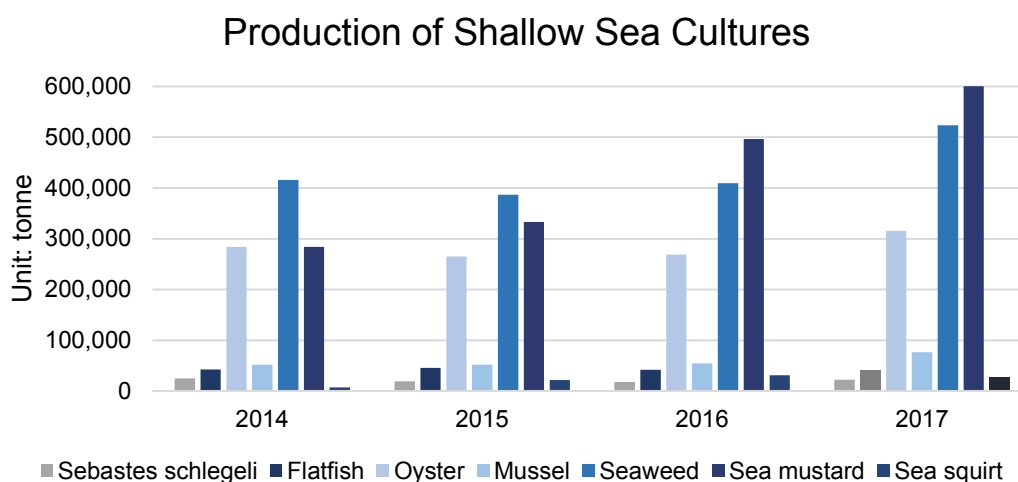
The increase in volume of aquaculture in recent years was enabled by the following changes:

- Intensified variability due to climate change (the number of cold-water fish has decreased, whilst that of warm-water fish has increased)
- International restrictions against trawlers have intensified
- Global trends towards the growth of aquaculture and diminishment of fishing vessels
- Policies supporting aquaculture

Table 5. Production of Shallow Sea Cultures

(Unit: tonne)

	2014	2015	2016	2017
Sebastes schlegeli	24,592	18,774	18,032	22,344
Flatfish	42,137	45,797	41,620	41,207
Oyster	284,106	265,146	268,841	315,255
Mussel	51,655	51,642	54,642	76,161
Seaweed	416,024	386,646	409,408	523,648
Sea mustard	283,714	333,061	496,290	622,613
Sea squirt	7,038	21,326	31,353	26,273



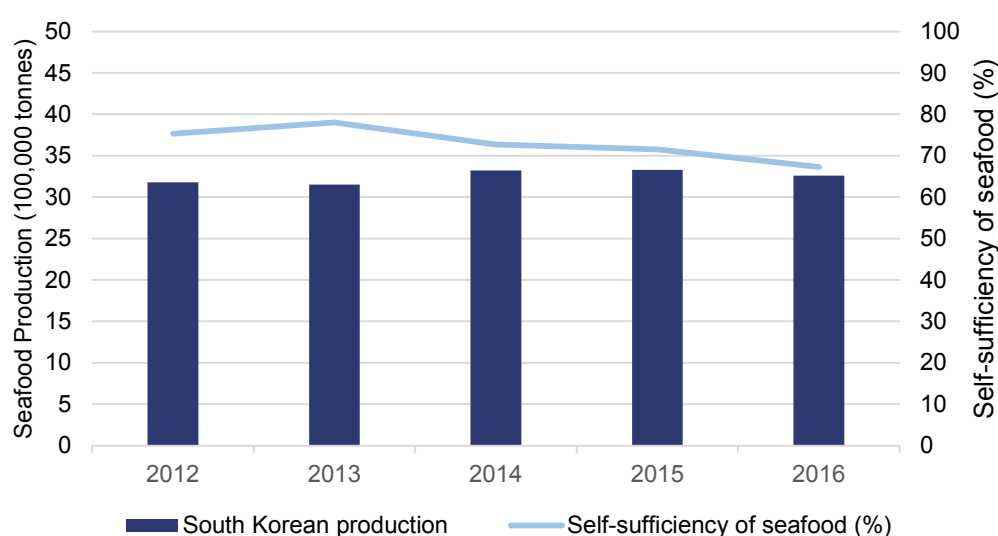
Source: Statistics Korea

2.2.4 Seafood Self-Sufficiency

According to the Food and Agriculture Organization (FAO), per capita consumption of seafood in Korea recorded 59.9kg in 2016, making the country the number one per capita consumer of seafood.

The Korean self-sufficiency rate of seafood sharply dropped to 67.3% in 2016 from 83% in 2009. It was the first time in 10 years that seafood consumption fell below 70%. The consumer price index for overall fresh food showed the largest increase in 2017, while the general CPI showed a modest 1.9% growth in 2017, CPI for fresh food increased by 5.8%.

Table 6. Korean Production Self-Sufficiency of Seafood



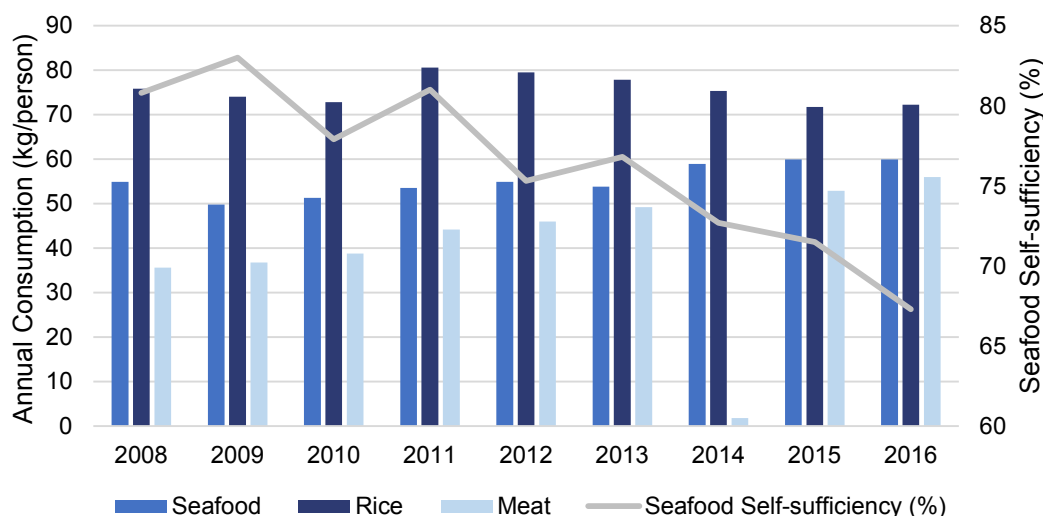
Source: Ministry of Oceans and Fisheries

Table 7. Korean Annual Consumption of Seafood

(Unit: kg/person)

		2008	2009	2010	2011	2012	2013	2014	2015	2016
Annual Consumption	Seafood	54.9	49.8	51.3	53.5	54.9	53.8	58.9	59.9	59.9
	Rice	75.8	74	72.8	80.6	79.5	77.8	75.3	71.7	72.2
	Meat	35.6	36.8	38.8	44.2	46	49.2	51.8	52.9	56.0
Seafood Self-Sufficiency (%)		80.8	83	77.9	81	75.3	76.8	72.7	71.5	67.3

Seafood Consumption and Self-Sufficiency



Source: Statistics Korea

Table 8. Yearly Consumer Price Index (year-on-year changes)

(Unit: %)

Kind of Index	2012	2013	2014	2015	2016	2017
CPI for all items	2.2	1.3	1.3	0.7	1.0	1.9
CPI for living necessities	1.7	0.7	0.8	-0.2	0.7	2.5
CPI for fresh food	3.1	-0.6	-2.7	2.0	3.8	5.5
CPI for fish	2.3	1.2	1.9	0.9	2.9	6.9
CPI for industrial products	2.8	0.9	1.3	-0.2	-0.5	1.4

Source: Statistics Korea

2.2.5 Seafood Importation

Korea's primary seafood imports in the last three years include pollack, cuttlefish, shrimp, mackerel and octopus and imports of cuttlefish increased the most among other species in particular.

According to USDA Foreign Agricultural Service, Korean consumers like to purchase species that they are accustomed to, and importers tend to import the species consumers demand. This trend is demonstrated by the fact that the importation of only 28 species accounted for more than 90% of the total seafood imports in Korea.

According to Korea Customs Service, the domestic industry is diversifying countries from which they source, rather than depend on a single supplier, in order to de-risk possible fluctuations in the price of imported seafood. As more countries are signing Free Trade Agreements (FTAs) with Korea, the importation of seafood – volume and variety – are expected to increase as trade with a variety of partners increase.

Table 9. Top 10 Species Imported by Volume and Value

(Unit: 1,000kg/1,000 USD)

Rank	Species	2015		2016		2017	
		Volume	Value	Volume	Value	Volume	Value
1	Pollack	227,821	404,542	255,766	419,173	259,252	420,285
2	Cuttlefish	69,330	164,705	75,981	201,776	101,434	270,312
3	Shrimp	57,006	330,322	60,206	340,419	62,544	399,384
4	Mackerel	51,182	92,516	44,564	73,991	44,952	75,748
5	Octopus	42,864	221,517	43,661	237,661	36,266	243,489
6	Small Octopus	34,475	150,429	28,483	127,215	31,561	163,294
7	Salmon	31,451	222,195	27,537	256,377	30,272	295,433
8	Halibut	28,765	71,175	28,068	67,349	29,769	81,174
9	Hairtail	28,137	121,142	28,731	142,314	23,432	114,014
10	Croaker	24,724	119,507	28,437	118,378	23,198	109,430

Source: Ministry of Oceans and Fisheries

2.3 Consumer Trends

2.3.1 Overall Consumer Trends

- As a peninsula, seafood has long been consumed as a staple food for the majority of Korean people. The major fish species that Koreans consumed are Alaskan pollack, mackerel, squid, hairtail and yellow corvina, anchovy, shrimp, tuna, saury, flat fish, monk fish, eel, rock fish and cod.
- Sharing a similar food culture with China and Japan, Korean people eat seafood steamed, fried, boiled with spices, and frequently uncooked.
- Korean consumers prefer fresh or chilled fish to frozen fish as they think fresh fish tastes better than frozen fish when cooked. Accordingly, fresh or chilled fish tends to cost more than frozen fish, and consumers are more attracted to precooked, prepared and preserved food available at convenience stores.
- Consumers tend to buy seasonal seafood as it seems as the freshest and most flavourful. Accordingly, convenience stores and fish markets frequently have sales promotion for seasonal prime seafood. An example of the 'fish calendar' for Korean consumers is Feb-Apr (halibut), Sep-Nov (gizzard shad) and Dec-Jan (yellow tail).
- Among many other imported fish, salmon is one of the most popular seafoods, and its growing demand is boosting its imports. The amount of salmon imported in 1997 was less than 2,000 tonnes but it is forecasted to exceed 30,000 tonnes in 2018. Salmon consumption heavily relies on importations, as local production is very limited.
- To meet the nation's surging appetite for salmon, Korea's major food companies are rushing to release salmon products such as smoked and

roasted salmon. Dongwon Food & Beverage, the nation's largest salmon importer, has recently launched 'Norwegian Air Express' smoked salmon – a salmon which is neither frozen or defrosted, and is sold fresh in convenience stores.

- With the number of single-person households increasing and Korean consumers cooking less at home, the market for home meal replacement (HMR) is increasing, creating opportunities for seafood producers. Rising demand for ready-to-cook and ready-to-eat products has contributed to a rise in seafood HMR such as marinated salmon steak, cod fillet, and mackerel box lunches. Convenience stores and newsagents are leading this trend, particularly with their private-labelled products, some of which are sourced from overseas.
- Food safety is an important factor to consider. In terms of seafood, consumers have become more sensitive to hygiene and food safety standards following the Fukushima earthquake and consequent nuclear plant collapse in Japan in 2011. As a result, several Japanese fish have been banned in Korea.
- As raw fish is consumed widely in Korea, keeping the seafood products fresh during the delivery is important.
- In the food services sector, akin to its neighbours, Korean consumers eat a lot of sushi or sashimi. There are thousands of sushi restaurants of varying sizes. In addition, convenience stores operators have joined this sushi market by selling individually packaged sushi at their stores.
- According to a report by the US Government in 2015, Korean consumers place high value on freshness, place of origin, taste, low cost, and food safety when making seafood purchasing decisions.
- Korean consumers are extremely sensitive to food safety issues as they have gone through many food safety scandals in recent years including radiation risk from Japanese seafood. A survey from the Ministry of Food and Drug Safety states that 7 out of 10 people would not purchase seafood which is caught in Japan.

2.3.2 Preference for Seafood Origin

- Most Korean consumers prefer domestic seafood to imported products. This is does not only apply to the seafood sector but also for most other foods that are considered to be of higher quality if produced domestically. However, domestic seafood supply has not been able to meet rising demand and therefore the number of foreign fish suppliers in the market has increased.

2.3.3 Places to Buy Seafood

- According to an interview conducted by the Norwegian Seafood Council in Korea in 2017, the most preferred place to buy seafood is a convenient store, followed by a traditional market or fisheries wholesale market, small grocery stores, and online.
- Convenience stores have lower price points, sales promotions and fierce competition between different convenient store chains.
- E-commerce is a new channel which is growing very rapidly. The size of the online market for agriculture, livestock, and fisheries was worth GBP 475

million in July 2018, recording a 23% year-on-year increase.

2.4 UK-Korea Seafood Trade

Table 10. Korea's Seafood Imports by Country

(Unit: 1,000 USD)

Country	2015	2016	2017
Total Value	3,719,704	3,942,698	4,334,106
China	1,005,935	1,037,977	1,025,989
Russia	702,273	695,421	840,043
Vietnam	441,831	471,400	559,731
Norway	214,694	295,215	333,376
USA	229,362	225,040	227,882
Japan	108,225	132,481	131,443
Taiwan	100,966	97,998	105,094
Chile	94,221	81,777	101,750
Thailand	105,747	86,863	99,421
Peru	35,513	28,258	33,227
UK	3,743	1,726	3,443

Source: Korea Customs Service

- Seafood is imported from over 100 different countries into Korea. Major suppliers include China, Russia, Vietnam, and Norway. Due to increasing seafood consumption, the total amount of imports has concurrently increased over the past decades and in 2017, the amount rose by 10% from the previous year.
- China has continued to be the largest supplier of seafood to Korea, followed by Russia and Vietnam. The amount of imports from China amounts to 23.6% of all imports.

Table 11. Imports of Top 10 UK Species to Korea

(Unit: kg, USD)

		2015		2016		2017	
		Volume	Value	Volume	Value	Volume	Value
	Grand Total	3,843,440	47,221,615	3,694,478	41,489,659	4,456,112	49,437,046
1	Whelk	2,766,251	25,553,143	3,496,851	23,309,111	3,497,962	41,071,424
2	Salmon	35,531	319,225	58,122	675,349	135,378	1,411,178
3	Mackerel	1,460,001	2,874,727	686,660	1,042,357	628,800	1,285,010
4	Blue Whiting	0	0	0	0	1,434,190	688,411
5	Sea Salt	342,360	172,001	581,347	227,563	533,128	218,109
6	Caviar	45,580	173,267	25,011	91,457	41,120	194,934
7	Marine Algae	2	509	114	3,806	25,201	186,951
8	Cod	0	0	0	0	6,426	47,274
9	Other Crab	0	0	0	0	1,200	9,790
10	Lobster	0	0	100	2,320	100	4,460

Source: Ministry of Oceans and Fisheries

- Blue whiting, cod, crab and lobster are newly imported products into Korea and in the case of blue whiting, the imports significantly grew from 0 kg in 2015 to 1,434,190 kg in 2017.
- As indicated by the importation of salmon, the nation's appetite for the fish is rapidly growing and thus the import volume has substantially increased over the last few years.
- Chinese and Norwegian mackerel used to be the only countries of origin for mackerel importation into Korea but diversification strategies from convenience stores in particular has meant that Scotland is now one of the largest suppliers of the fish.

3. Trading with Korea

3.1 Supply Chain Structure

- The formalisation of the Korean seafood industry began with the establishment of the National Federation of Fisheries Cooperatives in 1962 – an attempt by the government to modernise and industrialise the domestic seafood industry under the management of a centralised system.
- The National Federation of Fisheries Cooperatives contributed to the development of the domestic seafood industry and supported both suppliers and consumers by conducting various in-depth research projects, developing centralised management systems and industry support programmes, and most significantly by operating auction halls nationwide.
- Presently, seafood transactions take place either at auction halls or directly between suppliers and buyers. Sales generated through auction halls are calculated as ‘system sales’ while others are referred to as ‘non-system sales.’
- Overall, less than 50% of all seafood harvested or produced in Korea is being sold or bought through the auction halls located in production districts.
- About 84% of fish caught by adjacent water fisheries are being traded at auction halls while fish produced inland or caught in distant waters is not being traded through the auction hall system.
- The National Federation of Fisheries Cooperatives also operates in the imported seafood market and is charged with the monitoring of prices, implementation of trade settlements and the trust of sales.
- The Federation, however, does not get involved directly in the importation and distribution of seafood as the primary role of the Federation is to represent the domestic fisheries industry.

Table 12. Top 10 Cooperatives (Auction Halls) by Value and Volume

(Unit: million GBP, tonnes)

	Name of Cooperative	District	Value	Volume
1	Busan	Busan	142	77,709
2	Jeju Fish	Jeju Island	109	16,723
3	Yeosu	Jeollanam-do	98	41,363
4	Samcheonpo	Gyeongsangnam-do	85	46,182
5	Mokpo	Jeollanam-do	84	31,370
6	Guryongpo	Gyeongsangbuk-do	82	38,083
7	Powered Anchovy Drag Net Fisheries	Gyeongsangnam-do	79	19,690
8	Halim	Jeju Island	78	18,332
9	Shinan	Jeollanam-do	63	28,607
10	Seogwipo	Jeju Island	59	7,622

Table 13. Supply Structure of Imported Live Fish



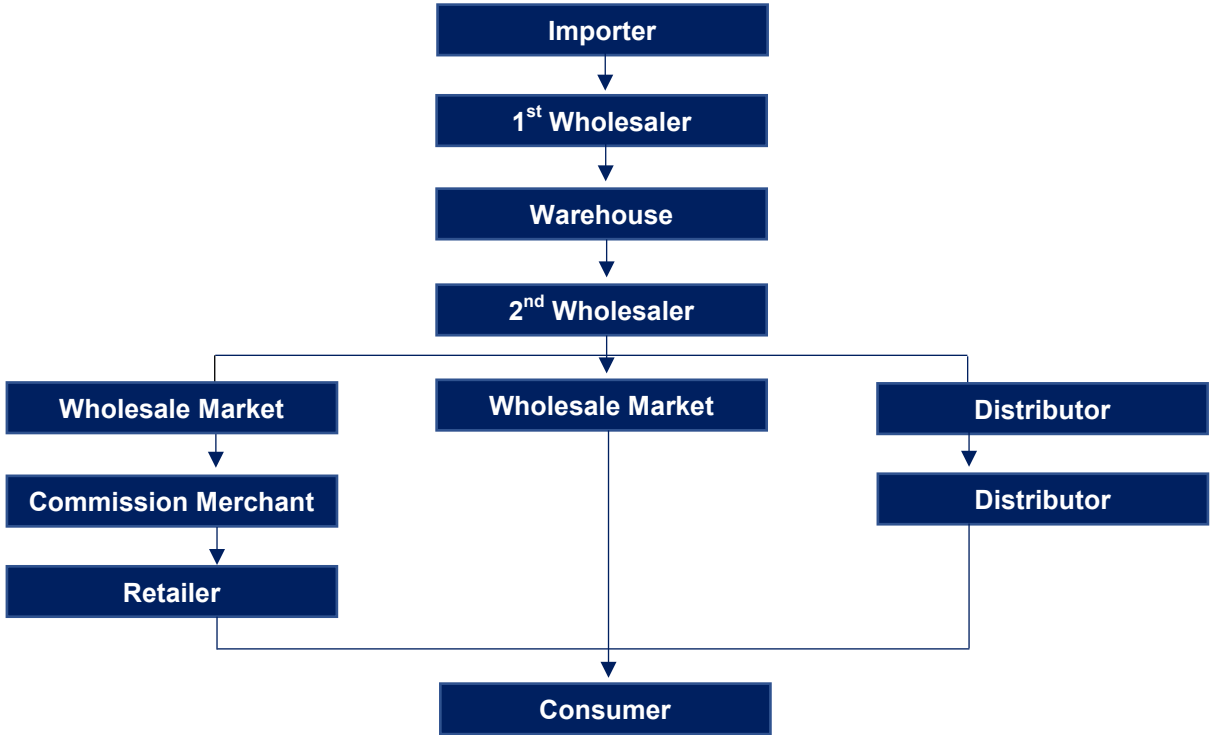
Source: Fisheries Price Research Report by the Ministry of Oceans and Fisheries of Korea

Table 14. Supply Structure of Imported Frozen Seafood



Source: Fisheries Price Research Report by the Ministry of Oceans and Fisheries of Korea

Table 15. Supply Structure of Imported Dried Seafood



Source: Fisheries Price Research Report by the Ministry of Oceans and Fisheries of Korea

3.2 Retail Channel

Large conglomerates and specialised importers and distributors lead the Korean food and drink market. The largest retailer in Korea is Lotte Shopping, which is comprised of Lotte Department Store, Lotte Mart, and other affiliates. Emart, part of the Shinsegae Group, and Homeplus, formerly part of Tesco and later purchased by a private equity firm in 2015 are the major newsagents with GS Retail and BGF Retail number one and two in the newsagent sector.

Table 16. Top 5 Retailers

(Unit: GBP)

	Lotte Shopping	Emart	GS Retail	Homeplus	BGF Retail
Total Sales (2018)	12.3 billion	10.7 billion	5.6 billion	4.5 billion	635 million
Store Type	Department stores, Newsagents, Discount stores, Newsagents, Online stores	Newsagents, Discount stores, Online stores	Newsagents, Discount stores, Newsagents Online stores	Newsagents, Discount stores, Newsagents Online stores	Newsagents
Ownership	Group (family, stock exchange and private enterprises)	Group (family, stock exchange and private enterprises)	Group (family, stock exchange and private enterprises)	Group (stock exchange and private enterprises)	Group (family, stock exchange and private enterprises)
Website	www.lotteshopping.com	www.store.emart.com/	www.gsretail.com/	www.corporate.homeplus.co.kr/	www.bgfcu.com/

- **Lotte Shopping**

- Address: Lotte Hotel, 30 Eulji-ro, Jung-gu, Seoul
- Phone: +82 2 771 2500
- Lotte Shopping is part of the Lotte Group, a retail conglomerate present throughout the Asian market. Like other retailers such as emart and Homeplus, they provide online shopping services which continue to gain popularity in Korea. As a general retailer, they source both imported and domestic seafood and also do their private labelling.

Table 17. Lotte Shopping's Core Business Areas and its Subsidiaries

LOTTE DEPARTMENT STORE



1988	1999	2003	2009	2017
3	10	20	26	31

LOTTE MART



1988	1999	2003	2009	2017
3	10	20	69	125

LOTTE SUPER



2003	2007	2009	2012	2017
14	79	190	770	1,603

LOTTE CINEMA



2003	2007	2009	2012	2017
3	30	54	91	118

LOTTE SHOPPING SUBSIDIARIES



Source: Lotte Shopping Website

- **Emart**
 - Address: 377 Ttukseom-ro, Seongdong-gu, Seoul
 - Phone: +82 2 380 5678
 - E-mart is the largest newsagents franchise in Korea with 142 stores nationwide. It is owned and operated by the Shinsegae Group which is one of the major retailers in Korea. Emart was also the first Korean retailer to expand into China with the aim of becoming one of the world's leading retailers. However, they exited the market in 2017.
 - Emart is the market leader in private-labelled products. With its own brands 'No Brand' and 'Peacock,' Emart has been able to establish brand loyalty and as such these brands make up 14% of all sales through PB products.
- **GS Retail**
 - Address: GS Tower, 508 Nonhyeon-ro, Gangnam-gu, Seoul
 - Phone: +82 2 2006 2050
 - Established in 1971, GS Retail Co Ltd operates a chain of newsagents (GS25), newsagents (GS Newsagents), malls (GS Square) and discount stores (GS Mart), among other retail platforms.
- **Homeplus**

- Address: 398 Hwagok-ro, Gangseo-gu, Seoul
- Phone: +82 2 3459 8000
- Founded in 1999, Homeplus is one of Korea's major discount retail chains. Formerly a 100% Tesco-owned entity, Homeplus is now owned by one of the largest private equity firms in Asia, MBK Partners. The chain operates 142 supermarkets, 367 convenience stores and 376 newsagents nationwide as well as an online home delivery shopping service.

- **BGF Retail**

- Address: 405 Teheran-ro, Gangnam-gu, Seoul
- Phone: +82 1577 3663
- Founded in 1994, BGF Retail operates the largest newsagents chain, known as CU in Korea. CU has 12,897 (June 2018) PoS nationwide.

3.3 Food Service Channel

Table 18. Top 5 Food Service Companies

(Unit: GBP)

	Samsung Welstory	Our Home	Hyundai Green Food	Shinsegae Food	CJ Freshway
Sales in Food Service (2018)	800 million	600 million	432 million	386 million	190 million
Service type	Food service, Food distribution	Food service, Food distribution, Food manufacture, restaurant franchise	Food service, food distribution, retail business, restaurants	Food service, food manufacture, food distribution, retail business	Food service, food distribution
Ownership	Group (family, stock exchange and private enterprises)	Group (family, stock exchange and private enterprises)	Group (family, stock exchange and private enterprises)	Group (family, stock exchange and private enterprises)	Group (family, stock exchange and private enterprises)
Website	www.samsungwelstory.com/eng/index.html	www.ourhome.co.kr/eng/index.do	www.hyundaigreenfood.com/en/INDEX.hgc	www.shinsegaefood.com/en/main.sf	www.cjfreshway.com/en/index.jsp

- **Samsung Welstory**

- Address: M Tower, 8 Gumi-ro, Bundang-gu, Seongnam-si, Gyeonggi-do
- Phone: +82 1544 8272
- Founded in 1982, Samsung Welstory is an affiliate of the Samsung Group and has been providing food service in different channels ranging from corporate food courts, to medical centres, sports complexes and universities. Samsung Welstory distributes food materials to multiple businesses and operates an online food shopping mall that sells diverse products.

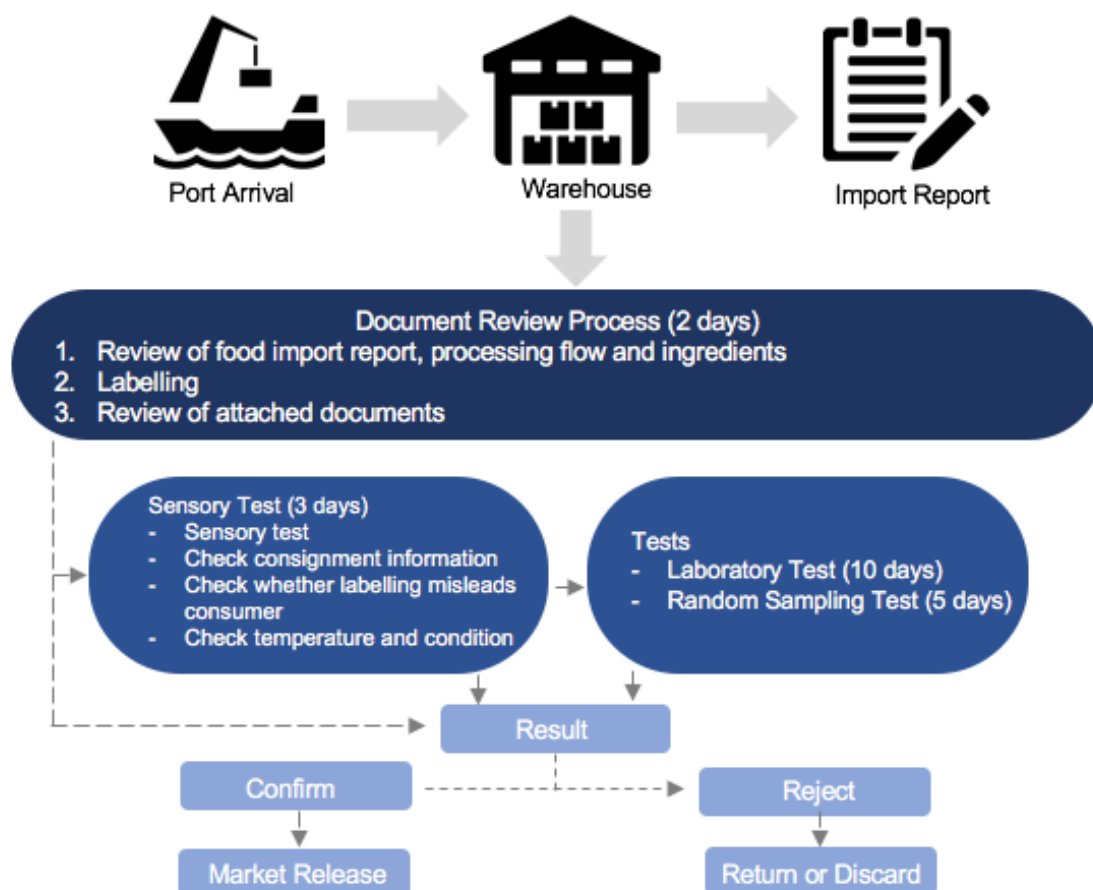
- **Our Home**
 - Address: 5th & 6th fl., Meritz Bldg., 382 Gangnamdaero, Gangnam-gu, Seoul
 - Phone: +82 80 234 7575
 - Since 1984, Our Home has led the Korean food service culture and provides meals to about 1,000 businesses in the country. Our Home entered the Chinese food service market in 2010 and operates in 10 major Chinese cities.
- **Hyundai Green Food**
 - Address: 30 Moonin-ro, Suji-gu, Yongin-si, Gyeonggi-do
 - Phone: +82 31 525 2233
 - Established in 1967, Hyundai Green Food is an affiliate of the Hyundai Department Store Group, the third largest department store operator in Korea. Hyundai Green Food also operates Eataty, Joe & The Juice and Magnolia Bakery.
- **Shinsegae Food**
 - Address: 56 Sungsuil-ro, Sungdong-gu, Seoul
 - Phone: +82 2 3397 6000
 - Shinsegae Food, an affiliate of the Shinsegae Group, operates in four core businesses: food distribution, food processing and manufacturing, institutional catering, and dining services. Through a recent partnership with Norwegian salmon producer Leroy, Shinsegae Food introduced high-quality salmon steak HMR to the market.
- **CJ Freshway**
 - Address: 5th Fl., CJ Cheiljedang Ceter, 330 Dongho-ro, Jung-gu, Seoul
 - Phone: +82 2 2149 6114
 - Established in 1988, CJ Freshway is a food service provider and food distributor as well as an affiliate of the CJ Group in Korea. The CJ Group is a conglomerate with many different businesses ranging from that of F&B, bio-technology and pharmaceutical, homeshopping and logistics, to entertainment and media.
 - CJ Freshway procures food materials for the CJ Group's affiliated restaurants including VIPS, Bibigo, and Tous les Jours, all operated by CJ Foodville.

3.4 Key Regulations and Tariffs

- The major government ministries and agencies involved with the Korean food system are the Ministry of Health and Welfare (MHW), the Korean Food and Drug Administration (KFDA), the Ministry of Agriculture, Food and Rural Affairs (MAFRA), the Ministry of Oceans and Fisheries (MOF), the Ministry of Knowledge and Economy (MKE), and the Prime Minister's Office (PMO). The ministries and agencies have differing responsibilities and they coordinate between themselves to devise and implement policies pertinent to food.

- Among the many government authorities in this space, KFDA, MAFRA and MOF are the three organisations directly related to trade practices as they set and implement policies and regulations pertaining to food products.

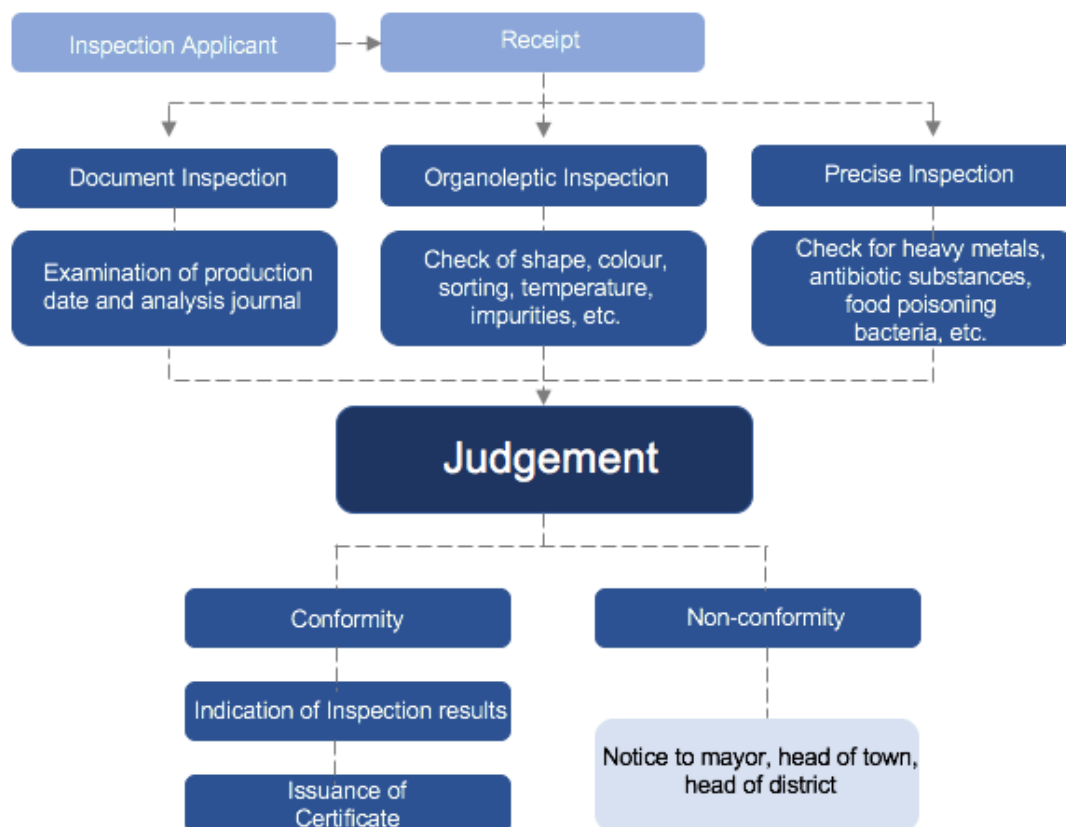
Table 19. Inspection Procedure for Imported Foods



Source: Korea Food and Drink Administration

- The export and import quarantine service is provided by the National Fishery Products Quality Management Service (NFQS) under the Ministry of Oceans and Fisheries. Under the control of the NFQS, fisheries products are subject to inspection and quarantine when clearing customs at ports.

Table 20. Export and Import Quarantine Procedure for Fisheries

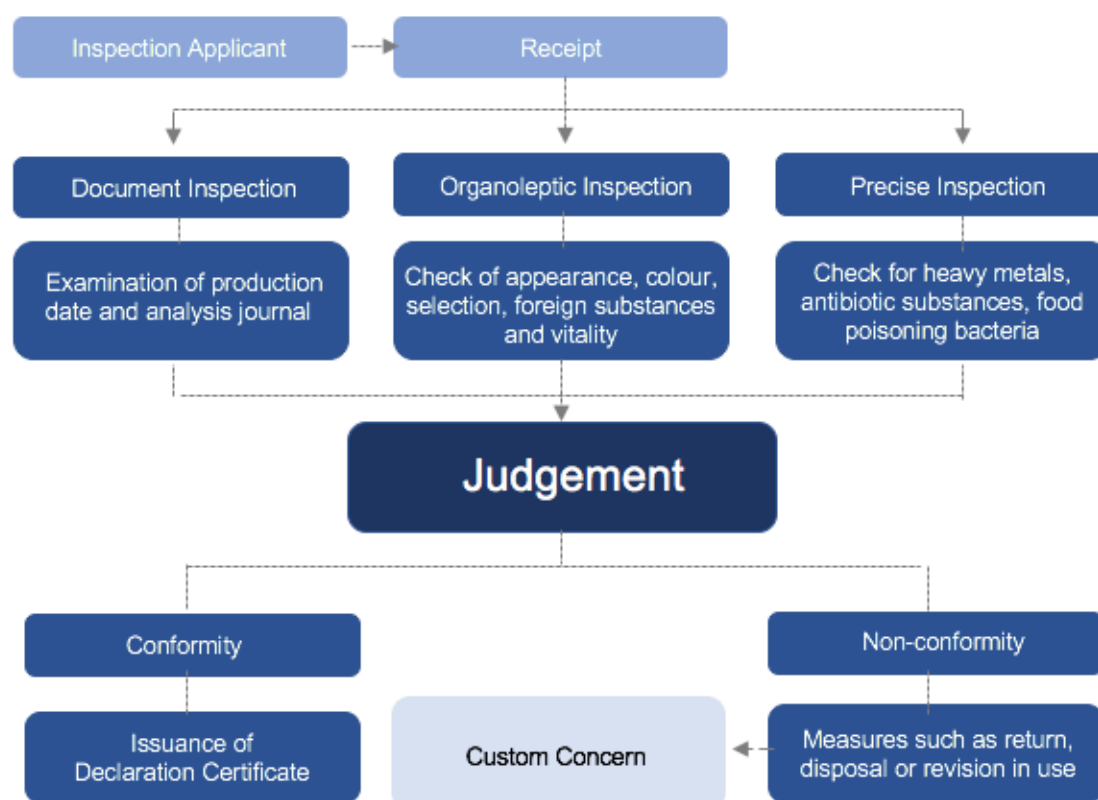


Source: National Fishery Products Quality Management Service

- Subject to Quarantine or Inspection
 - Live aquatic animals for aquaculture (including sperm and roes).
 - Live fish, shellfish, and crustacean for human consumption, aquariums, and research and laboratory work.
 - Articles containing the pathogens of aquatic animal diseases or the diagnosis of reagents included in disease pathogens.
- Quarantine Implementation Location
 - Definition: Places aquatic animals are being stored and held during quarantine. The President of the NFQS approves in accordance with Quarantine Implementation Places Regulations.
 - Aquarium facilities, farming aquarium facilities, aquariums on land, or cold storage facilities.

- Quarantine Type
 - Document Quarantine evaluates submitted documents to judge whether they meet the requirements of the quarantine regulations.
 - Clinical Quarantine evaluates live aquatic animal's clinical symptoms through visual examination (including dissection).
 - Precise Quarantine evaluates live animals by pathological, molecular biological, serological, or biochemical methods.

Table 21. Import Inspection (Declaration) Procedure for Fisheries



Source: National Fishery Products Quality Management Service

- Subject of Inspection
 - Aquatic animals and plants: live fish or shellfish, crustaceans, and other forms of aquatic animals, fresh and frozen products, or seaweeds.
 - Processed products: aquatic animals and plants processed by cutting, heating, boiling, drying, salting, and brining with only salt.
- Products Accepted for Declaration
 - Imported by foreign embassies, legations, consulates, or other corresponding institutions in Korea or imported by the public officials (or their families) belonging to the aforementioned institutions for the purpose of their own consumption.

- Products carried by travellers may be acceptable for their own consumption
 - Imported as specimens and promotions free of charge and indicated their use on the labels.
 - Frozen or processed at a Korean vessel after catching or gathering the aquatic animals in cooperation with foreign one in the economic sea zone of the state of the foreign ship.
 - Used by a central or a local government.
 - Permitted the use on a vessel or an airplane by the head of Korean Customs under Article 239 of the Korean Customs Law.
 - Recognized by the head of the Korean Food and Drug Administration as a non-hygienic risk product.
- Inspection Type
 - Document Inspection: Document inspection evaluates the submitted documents and judges as to whether they meet import regulations and covers the following;
 - 1) Imported in order to re-export, manufacture, and study, used by central or local governments, expos, exhibitions, or returned exported products regardless of the hygienic risks.
 - 2) Recognized products by the head of the Korea Food and Drug Administration as a security assured products.
 - Organoleptic inspection: Sensory Inspection evaluates qualities, labels, net weights, and etc. of the fish and fishery products by visually examining, smelling or touching the imported products and covered the following;
 - 1) Imported: the relevant product has passed the precision inspection.
 - 2) Recognized to need a sensory inspection by the chief of a branch as sensory inspections. Verification of fish species such as yellow croaker, yellow corvenia, and etc. or processed types, freshness or net weights, confirmation on containing foreign substances or food additives.
 - Precise Inspection: Inspection evaluate products by physical, chemical or microbiological methods in a laboratory and covers the following;
 - 1) Imported for the first time or has a “rejected” history.
 - 2) Reported as the product contains hazards in Korea and other countries.
 - 3) Unconfirmed reason(s) for returning an exported product.
- Qualification of Declarers
 - To import products for the purpose of selling: persons who have completed the Business Registration for Foods, etc., Import, and Selling Business and other related standards.
 - To use imported items for business (food manufacturers or processors, food additives producers, or food containers or package producers): persons who can prove that they use the imported items specified in the import declaration.

Table 22. Import Tariff on EU Seafood (Oct 2018)

HS Code	Product Description	EU
03	Fish and Crustaceans, Molluscs and Other Aquatic Invertebrates	
0301	Live fish	
0301.11	Freshwater fish	
0301.11.10	Fancy carp	0%
0301.11.90	Other	0%
0301.19	Other	0%
0301.91	Trout (<i>Salmo trutta</i> , <i>Oncorhynchus mykiss</i> , <i>Oncorhynchus clarki</i> , <i>Oncorhynchus aguabonita</i> , <i>Oncorhynchus gilae</i> , <i>Oncorhynchus apache</i> and <i>Oncorhynchus chrysogaster</i>):	
0301.91.10	<i>Salmo trutta</i> , <i>Oncorhynchus mykiss</i> , <i>Oncorhynchus clarki</i> , <i>Oncorhynchus aguabonita</i> , <i>Oncorhynchus gilae</i>	3.7%
0301.91.20	<i>Oncorhynchus apache</i> and <i>Oncorhynchus chrysogaster</i>	3.7%
0301.92	Eels (<i>Anguilla</i> spp)	
0301.92.10	Glass eel (for aquaculture)	0%
0301.92.90	Other	10%
0301.93	Carp (<i>Cyprinus carpio</i> , <i>Carassius carassius</i> , <i>Ctenopharyngodon idellus</i> , <i>Hypophthalmichthys</i> spp., <i>Cirrhinus</i> spp., <i>Mylopharyngodon piceus</i>)	0%
0301.94	Atlantic and Pacific bluefin tuna (<i>Thunnus thynnus</i> , <i>Thunnus orientalis</i>)	
0301.94.10	Atlantic and Pacific bluefin tuna (<i>Thunnus thynnus</i>)	0%
0301.94.20	Pacific and Pacific bluefin tuna (<i>Thunnus orientalis</i>)	5.4%
0301.95	Southern bluefin tuna (<i>Thunnus maccoyii</i>)	0%
0301.99	Other	
0301.99.20	Yellow tail	0%
0301.99.40	Sea-bream	
0301.99.40.10	Fry (for aquaculture)	0%
0301.99.40.99	Other	10%
0301.99.50	Conger eel	1.6%
0301.99.60	Sharp toothed eel	1.6%
0301.99.70	Hagfish	0%
0301.99.80	Flat fish	5.4%
0301.99.90	Other	
0301.99.90.10	True bass	0%
0301.99.90.20	Puffers	1.6%
0301.99.90.30	Tilapia	0%
0301.99.90.40	Rock fish (including pacific ocean perch)	1.6%
0301.99.90.50	Seabass	
0301.99.90.51	Fry (for aquaculture)	0%
0301.99.90.59	Other	6.3%
0301.99.90.60	Mullets	1.6%

0301.99.90.70	Loaches	0%
0301.99.90.80	Cat fishes	0%
0301.99.90.90	Other	
0301.99.90.91	Rock Trout (Hexagrammos spp., Agrammus spp.)	0%
0301.99.90.92	Crusian carp	0%
0301.99.90.93	Salmon	1.6%
0301.99.90.94	Grass carp	0%
0301.99.90.95	Croakers	10%
0301.99.90.96	Carp (other than <i>Cyprinus carpio</i> , <i>Carassius carassius</i> , <i>Ctenopharyngodon idellus</i> , <i>Hypophthalmichthys</i> spp., <i>cirrhinus</i> spp., <i>Mylopharyngodon piceus</i>)	0%
0301.99.90.99	Other	5.4%

Source: European Commission Market Access Database

- Tariffs on seafood are decreasing every year after the Korea-EU FTA came into effect in July 2011. Current tariffs on respective items could be confirmed at European Commission Market Access Database (www.madb.europa.eu/).
- Based on the agreement, UK companies are asked to obtain 'Approved Exporter Status' from HM Revenue & Customs to get the preferential tariff when exporting to Korea. Find more details at www.hmrc.gov.uk/.

Labelling Regulation

- All domestic and imported foods distributed in the market should be labelled in Korean upon arrival. After custom clearance and declaration, provincial authorities will randomly verify labelling of domestic and imported goods in the marketplace.
- Korean language labels must be attached to all imported food products clearing customs, except unpackaged agricultural/fisheries products. The Korean label should be attached on the package but not cover the original label. The items below must be denoted on the label:
 - Product name
 - Product type
 - Importer's name, address, phone number, and the address where products may be returned or exchange in case of defects
 - Manufacture date (date, month, and year)
 - Shelf life or best before date. Fresh fish not packages are not required to be indicated with the date, however, should be dealt carefully
 - Contents (Calories)
 - Ingredient names and content
 - Composite Ingredients
 - Additives
 - Allergens

Organic Certification

- In the case of seafood and seafood products, no organic certification is required or expected in Korea. This also includes seafood products already certified in other countries and it cannot be labelled as 'organic' in Korea.

Tax on Food

- The VAT rate in Korea is 10%.

Export Formalities & Regulation Updates

- European Commission Market Access Database (www.madb.europa.eu/) publicly open to British exporters contains the most updated, legitimate information on global trade. As Korean authorities do not usually provide English version of the regulations, this database website could be useful for English speaking traders. It provides updated tariffs, regulation, export formalities and specimen of forms, etc.

3.5 Tradeshow

Seoul Seafood Show (3S) 2018

Web: (www.seoulseafood.com/eng/index.asp)

This is an international trade show open to domestic and imported fisheries. Sponsored by the MOF, this show covers seafood, fishery, nursery, aquaculture, processing machinery and equipment. Expected visitors to this show are sellers, buyers, users, retailers, wholesalers, and traders. The show has been held for 14 years consecutively. The 14th show was held in May 2018, where 400 companies participated and 20,000 people visited.

Busan International Seafood & Fisheries Expo (BISFE) 2018

Web: (www.bisfe.com/indexe.php)

BISFE is the largest annual fisheries show in Korea and will be held in from 31st of October to 2nd of November in 2018. Featuring 410 exhibitors from 25 countries, BISFE 2018 is Korea's leading seafood and fisheries trade fair based on its global competitiveness. The show covers wide range of areas including seafood, seafood processing machinery, packing equipment, marine biotechnology, overseas trade, and others.

4. Conclusions

1. Korea's per capita consumption of seafood was 59.9 kg in 2016, making it the largest seafood consumer in the world. It is projected that Korea's consumption of seafood will increase as more consumers turn to seafood as a healthy option for their diet.
2. Korea's seafood self-sufficiency reached its peak at 83% in 2009 and dropped sharply to 67.3% in 2016. It was the first time in 10 years that the rate of seafood production fell below 70%. This presents opportunities for foreign importers as a considerable proportion of additional demand will have to be satisfied by imported seafood products.
3. As a peninsula, seafood has long been consumed as a staple food for most Korean people. Korean consumers prefer fresh or chilled fish to frozen fish as they think fresh fish tastes better than frozen fish after cooking. Accordingly, fresh or chilled fish tends to cost more than frozen fish and consumers are more inclined to purchase precooked, prepared and preserved food available at newsagents.
4. Among many other imported fish, salmon is one of the most popular seafoods whose growing demand is boosting imports.
5. In terms of Korea's importation of UK seafood, blue whiting, cod, crab and lobster have been newly imported into the market. In the case of blue whiting, the imports significantly grew from 0 kg in 2015 to 1,434,190 kg in 2017. Chinese and Norwegian mackerel used to represent the entire imported mackerel; however, domestic retailers are diversifying mackerel suppliers and as a consequence Scotland has become one of the largest suppliers in recent years.
6. Although the most preferred place to buy seafood is a convenience stores, E-commerce is growing very rapidly. The size of the online market for agriculture, livestock, and fisheries was worth 475 million GBP in July 2018, increasing by 23% year-on-year.

5. Appendices

5.1 Sources

- Invest Korea (www.investkorea.org)
- Korea Customs Service (www.english.customs.go.kr/)
- The Ministry of Strategy and Finance (www.mosf.go.kr/main/main.jsp)
- The Ministry of Agriculture, Food and Rural Affairs (www.mafra.go.kr/english/index.do)
- The Ministry of Oceans and Fisheries (www.mof.go.kr/eng/index.do)
- Ministry of Food and Drug Safety (www.mfds.go.kr/eng/)
- National Fishery Products Quality Management Service (www.nfqs.go.kr/foreign/en/main.html)
- Fisheries Information Service (www.fips.go.kr/)
- Statistics Korea (www.kostat.go.kr/portal/english/index.action)
- Korea Maritime Institute (www.kmi.re.kr/kmi/en/)
- Euromonitor International (www.euromonitor.com/)
- Worldfishing & Aquaculture (www.worldfishing.net/)
- US Agricultural Trade Office (www.atoseoul.com/)
- European Commission Market Access Database (www.madb.europa.eu/)
- The Korean Society of Fisheries Business Administration (www.fima.or.kr/)
- Food Industry Statistics System (www.fis.foodinkorea.co.kr/)
- Korea Rural Economic Institute (www.krei.re.kr/kor/main.php)
- National Institute of Fisheries Science (www.nifs.go.kr/page?id=en_index)

5.2 Relevant Stakeholders

Ministry of Food and Drug Safety (MFDS)

Address: Osong Health Technology Administration Complex, 187

Osongsaengmyeong2(i)-ro, Osong-eup, Cheongwon-gun, Chungcheongbuk-do, Korea

Tel: +82 43 719 1564

Web: www.mfds.go.kr/eng

MFDS is the government healthcare authority that promotes public health by ensuring the safety and efficacy of foods, pharmaceuticals, medical devices and cosmetics, and supports the development of the food and pharmaceutical industries.

Korea Health Industry Development Institute (KHIDI)

Address: 187 Osongsaengmyeong2(i)-ro, Gangoe-myeon, Cheongwon-gun,

Chungcheongbuk-do, Korea

Tel: +82 43 713 8000

Web: www.khidi.or.kr/eng

KHIDI is associated government agency which performs market research and establishes statistic data for healthcare industry in Korea. KHIDI annually releases 'Industry Analysis Report' for Food, Cosmetics, Medical devices and Pharmaceuticals in Korea.

Invest Korea

Address: 13, Heolleungno, Seocho-gu, Seoul, Korea

Tel: +82 1600 7119

Web: www.investkorea.org

The web page is well established with lots of useful information (e.g. Financial/taxation system, IPR, guidelines for setting up offices, etc.) for newcomers to invest in Korea.

Korea International Trade Association (KITA)

Address: 511, Yeongdongdae-ro, Gangnam-gu, Seoul, Korea

Tel: +82 1566 5114

Web: www.global.kita.net/

KITA has played a critical part in Korea's development into one of the world's most preeminent trading nations. Today, it is one of the largest business associations in Korea with approximately 65,000-member firms and continues to support Korea's business community.

National Fishery Products Quality Management Service (NFQS)

Address: 337, Haeyang-ro, Yeongdo-gu, Busan, Korea

Tel: +82 51 400 5600

Web: www.nfqs.go.kr/foreign/en/main.html

NFQS is the complete authority for the quarantine and inspection of exporting and importing fish and fishery products.

5.3 Market Entry Support

The British Chamber of Commerce in Korea also offers a wide range of market entry support to British businesses seeking to enter the market, and you may seek our assistance by contacting at the email provided below. The support offered includes partner (distributor) search initiative, translation/interpretation services, in-market visit support among others.

Send any enquiries to trade@bccck.or.kr.

5.4 Contact Details

British Chamber of Commerce in Korea

Address: 13th Floor, The-K Twin Towers, B-dong, 50 Jongro 1 gil, Jung-gu, Seoul, Korea

Tel: +82 2 6365 2300

Fax: +82 2 6365 2301

Contact: Trade & Policy Team

E-mail: trade@bccck.or.kr