

South Korea Offers Net Opportunities for U.S. Seafood

By Susan B. Phillips

South Korean consumers will tell you that they prefer to buy domestic seafood products rather than imports; however, the numbers tell a different story. In the five years from 1997 to 2001, the percentage of imported products consumed domestically doubled from 16 to 32 percent—and this trend will likely continue.

The strong recovery of the South Korean economy and the complete liberalization of fish imports in 1997 have provided good opportunities for U.S. products. Currently, tariffs for most fish and seafood products range from 10 to 20 percent, although for about a dozen products, higher adjustment tariffs are applied. In 2002, imports of fish and seafood products are expected to have increased due to local production declines. At the same time, Korean consumers are increasingly turning to seafood as a low-fat, affordable alternative to more traditional sources of protein.

All of these factors make South Korea an excellent market for fish and seafood. The country's total imports of fish and seafood products increased 17 percent, from \$1.4 billion in 2000 to \$1.6 billion in 2001. And if the first six months of 2002 are any indication, they were on track to have climbed by at least that amount again that year.

Imports from the United States have also been increasing. In 2002, South Korea imported \$324 million worth of U.S. fish and seafood.

Major Korean imports in 2001 from all sources were:



- yellow corvina, frozen (\$147 million)
- Alaska pollock roe, frozen (\$95 million)
- hair tail, frozen (\$67 million)
- Alaska pollock surimi, frozen (\$57 million)
- shrimp, frozen (\$50 million)
- mackerel, frozen (\$45 million)

U.S. Quality Is "Top of the Line"

Imports from both the world and the United States are likely to have reached record numbers in 2002, and for U.S. suppliers, there is a lot of room to grow.

However, competition is strong: as many as 70 countries already export fish and seafood products to Korea. China was the largest supplier, with sales of \$634 million (a 38-percent market share) in 2001, mostly yellow corvina, frozen squid and frozen hair tail. The United States' \$159 million put it in second place. Russia ranked as the third largest supplier, exporting \$154 million worth in 2001.

Both China and Russia have the advantage of proximity. Moreover, the prices of some species from these countries are reportedly half those of U.S. counterparts. However, the quality of Chinese and Russian products does not compare to U.S. products.

U.S. seafood exporters therefore have an opportunity to provide this market with a wide variety of products attractive to the Korean consumer, although it may take some research to find a good fit.

In the past, because of its superior quality, most U.S. fish and seafood has been sold to the upper end market. But today over 50 percent of all seafood is purchased at conventional markets and supermarkets. U.S. exporters need to focus on meeting the needs of these consumers to increase overall market share.

THE CATCH OF THE DAY COULD BE AN IMPORTED PRODUCT.

Domestic Production Is Coming Up With Empty Nets

Imports are expected to take off this year and next, due largely to domestic product shortfalls. Korea traditionally has caught fish in foreign waters through several country-to-country agreements. Fish caught under these agreements were considered part of domestic production, and no tariff was applied. Most of the fish caught in foreign waters are deep-sea varieties, such as Alaska pollock, tuna and squid.

However, Korea recently had to renegotiate treaties with Japan, China and Russia and revise catches at lower levels. For example, in 2001, Korea's quota in Russian waters was 219,552 metric tons; in 2002, it dropped to only 25,000 tons. Russia is expected to reduce its quota even further in 2003, and will likely keep foreign fishing boats out of its waters entirely in 2004.

Over-fishing has severely depleted

Korea's own fishery resources. As a result, the government has downsized Korea's fishing fleet and plans to reduce it even further over the next several years. The Korean government is trying to purchase additional fish quotas from other countries— but in the end, Korea will have to import more just to meet current demand.

Guess Who's *Not* Cleaning the Fish

Historically, Koreans preferred to buy fresh whole fish at wet markets which they cleaned at home. But these days, most people don't have the time or the space for cleaning fish. At the supermarket, you can select a whole fish and have it cleaned there.

In the future, consumers will increasingly purchase filleted, processed products. U.S. exporters will have opportunities to introduce more processed, convenience-oriented seafood items, such as halibut, cod, pollock, monkfish and salmon.

Where To Go From Here

Many U.S. exporters lack experience in the Korean market. That is where the Agricultural Trade Office can help. Our office will set up meetings with important contacts, introduce your products to the market and work with you on finding your niche.

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Imports for Further Processing

Korea also exports a large volume of fish products, some of which are imported, processed and re-exported. Korean importers operate about 20 processing plants in China which produce fish filets and imitation crab meat.

In 2001, Korea exported \$1.3 billion worth of tuna, oysters, conger eels, squid, imitation crab meat and flat fish. Most Korean fishery exports in 2001 went to Japan (\$925 million), followed by the United States (\$82 million), the European Union (\$75 million), China (\$57 million), Thailand (\$33 million) and Taiwan (\$17 million). Nevertheless, in that same year Korea registered its first fish and seafood trade deficit—\$375 million. These figures indicate that Korea's fish and seafood market still has room to grow. ■

In 2001, South Korean Imports of Many Major Fish and Seafood Products From the United States Were Valued at \$1 Million or More

	Imports From The United States	Total Imports
\$ Million		
Alaska pollock surimi, frozen	53.9	55.7
Monkfish, frozen	31.2	58.6
Other surimi, frozen	8.8	54.1
Alaska pollack roe, frozen	7.6	78.1
Atka mackerel, frozen	4.7	18.9
Lobster, non-frozen	4.6	11.5
Hagfish, frozen	4.3	5.2
Other roe, frozen	4.2	10.8
Other flat fish, frozen	4.1	15.7
Cod, frozen	3.7	13.3
Monkfish, fresh	3.3	3.9
Alaska pollock, frozen	2.5	27.7
Skate, frozen	2.1	12.3
Rockfish, frozen	2.1	12.3
Sea cucumber, prepared/preserved	1.1	4.3
Pacific salmon, frozen	1.0	4.4
Sardines, frozen	1.0	8.6

Source: Statistical Year Book of Foreign Trade 2001.

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