



US-Korea Free Trade Agreement Food Products



New Opportunities

- Korea is a \$1 trillion economy and the 7th largest U.S. trading partner
- Nearly 95 percent of consumer and industrial products will become duty-free within the first three years
- Korea is a high-income and high consumer spending market
- Korean fascination with the “American Lifestyle” continues to draw interest and attention among Korean consumers

More than half (or \$1.6 billion) of current U.S. farm exports to Korea will become duty-free immediately, including wheat, corn for feed, soybeans for crushing, hides and skins, and cotton, plus a broad range of high value agricultural products such as almonds, pistachios, bourbon whiskey, wine, raisins, grape juice, orange juice, fresh cherries, frozen french fries, frozen orange juice concentrate, and pet food.

U.S. farm products benefiting from expanded market opportunities with two-year tariff phase-outs include avocados, lemons, dried prunes, and sunflower seeds. In addition, U.S. farm products benefiting from expanded market opportunities with five-year tariff phase-outs include food preparations, chocolate and chocolate confectionary, sweet corn, sauces and preparations, other fodder and forage (alfalfa), breads and pastry, grapefruit, and dried mushrooms.

Industry Trends

Korea is the fifth largest market for U.S. agricultural products. U.S. exports of agricultural products to Korea totaled USD 3.4 billion in 2006.

Changes in Korean lifestyle and dietary culture, along with remarkable development in socio-economic environment, have resulted in significantly expanded demand for processed food

and beverage products. Increasing affluence, more women in the workforce, and a well-traveled younger generation looking for foods with an international flavor are promoting the rise in popularity of convenience stores, bulk retail outlets, and western-style and family restaurants. The demand for products, such as frozen vegetables, sauce preparations, and confectionery items is growing and the domestic processing industry lacks the capability to supply these items. Additionally, local agricultural output currently does not meet the demand of the local processing industry.

U.S. Consumer-Oriented Foods	
Advantages	Challenges
Equal or superior quality to domestic products	Frequent changes in food regulations compounded by language barrier
Increasing affluence of Koreans	Importers lack knowledge of product sources
Diminishing resistance to imported foods	Food safety concerns and biotech issues
Strong appreciation of Korean currency	High marketing costs
Korean officials publicly state intentions to follow international guidelines for beef trade	Onerous inspection/customs clearance procedures

Business Tools

The US Commercial Service is ready to help your company enter and expand in the dynamic Korean market.

We can help you:

- ✓ Research market potential
- ✓ Locate and arrange appointments with qualified buyers and distributors
- ✓ Advise on intellectual property rights, regulatory hurdles, and government contracts
- ✓ Provide you with essential company background information that will help you make more informed decisions
- ✓ Launch your product in Korea with a promotional or technical seminar

Key Contact

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