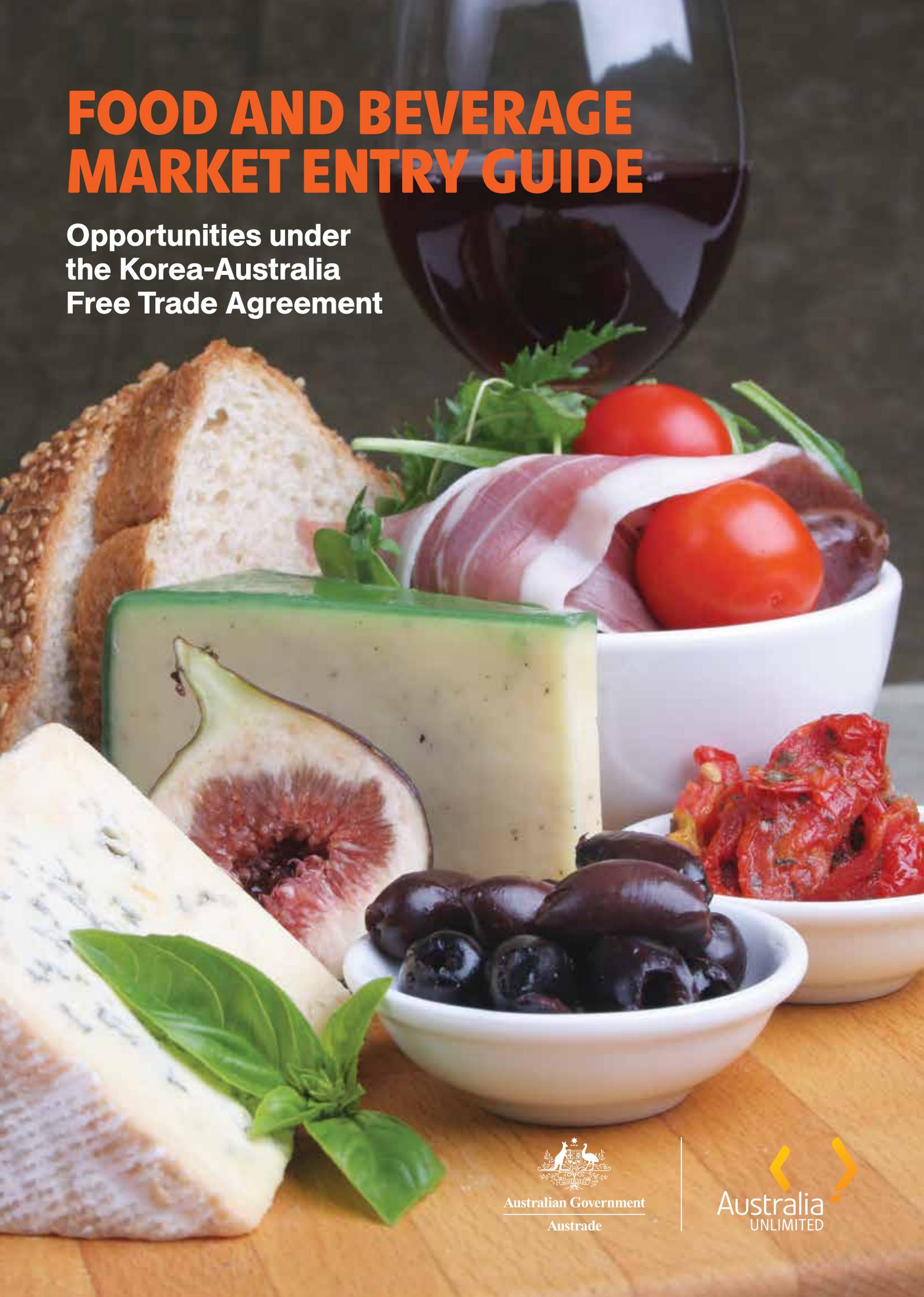


# FOOD AND BEVERAGE MARKET ENTRY GUIDE

Opportunities under  
the Korea-Australia  
Free Trade Agreement



Australian Government  
Austrade

Australia  
UNLIMITED



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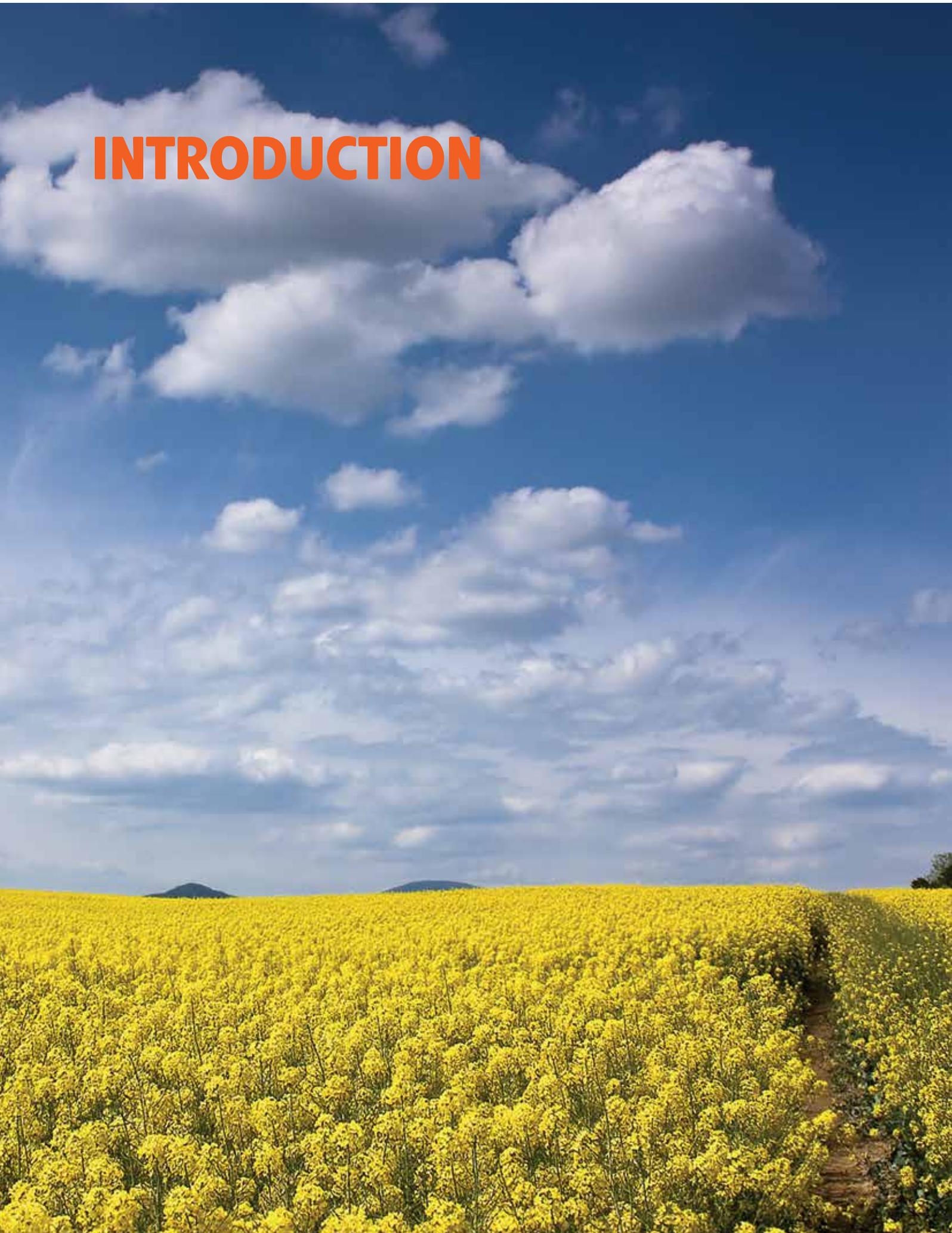
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# INTRODUCTION



The Korea-Australia Free Trade Agreement (KAFTA) came into force in December 2014, bringing significant benefits for Australian exporters. When KAFTA is fully implemented, tariffs on 99.7 per cent of Australian exports to Korea<sup>1</sup> will be eliminated. The agreement helps level the playing field for Australian food exporters competing with companies from the US, EU, Chile and the Association of Southeast Asian Nations, which all benefit from existing trade deals with Korea.

This guide focuses on the opportunities in the Korean market for Australian businesses exporting packaged, manufactured and premium fresh food and beverages.

Historically, Australian food exporters have not been highly active in the Korean market. As a result, Korean consumers are not familiar with Australian products.

KAFTA has significantly improved access for Australian exporters in these categories, and there is now potential for strong growth as more Korean consumers are exposed to the wide range of Australian food and beverages. The guide includes:

<b>KEY FACTS AND TRENDS</b>	<b>An introduction to the market and established local players.</b>
<b>KEY CHANNELS TO MARKET</b>	<b>A brief overview of key channels including manufacturing, retail, food service and online, along with the role of agents and distributors.</b>
<b>THE COMPETITIVE ENVIRONMENT</b>	<b>Including international competitors and food imports.</b>
<b>GETTING READY</b>	<b>Important considerations when preparing for market entry and setting pricing.</b>
<b>CROSSING THE BORDER</b>	<b>An introduction to the regulatory agencies and requirements, particularly ‘at the border’ requirements.</b>
<b>OPPORTUNITIES FOR AUSTRALIAN EXPORTERS</b>	<b>Including a broad market suitability indicator for categories of products, and a key product overview including information about tariff reductions, competitor products and comments derived from Austrade’s in-market commercial network.</b>
<b>HOW TO ACCESS KAFTA BENEFITS</b>	<b>A practical five-step guide to accessing the benefits of KAFTA.</b>

This guide acts as a starting point for Australian food manufacturers and brand owners who are creating or refining an export strategy for the Korean market. Exporters are also encouraged to undertake their own independent market research; refer to the Free Trade Agreement Portal ([ftaportal.dfat.gov.au](http://ftaportal.dfat.gov.au)) developed by the Department of Foreign Affairs and Trade; and work with Austrade to receive further assistance to support a successful market entry.

Austrade has developed a series of snapshots that provide greater detail on specific categories including:

- › Biscuits
- › Breakfast cereals, grains and pulses
- › Cheese and butter
- › Chocolate
- › Confectionery
- › Edible oils
- › Fruit, nuts and vegetables
- › Juice
- › Meat, smallgoods and seafood
- › Premium beverages
- › Ready-to-eat meals and desserts
- › Sauces, dressings and condiments
- › Snackfoods
- › Wine and beer.

These snapshots can be found at: [austrade.gov.au/australian/export/export-markets/countries/republic-of-korea/industries/food-and-beverage](http://austrade.gov.au/australian/export/export-markets/countries/republic-of-korea/industries/food-and-beverage).

# FACTS AND TRENDS

Korea is Australia's fourth largest trading partner (after China, Japan and the US) and our third largest export market. With a population of 50 million and a gross domestic product (GDP) per capita of more than US\$25,900, the Korean economy continues to grow steadily.

Food security is an important issue for Korea. Unable to produce enough food to support itself, the country's reliance on imports is set to grow. The regulatory environment for food imports is strict, but has transparent standards and rules that are applied consistently.

Dietary patterns are also shifting, due to an increasingly wealthy population with a taste for high-end and cosmopolitan food and beverages.

Dual-income families are driving demand for more convenient ready-to-eat meals. A better understanding of Western-style diets has resulted in growing demand for products such as cheese, smallgoods, salad dressings and sauces. Premium beverages such as branded flavoured mineral waters and juices are also increasing in demand, along with confectionery. By contrast, imported organic products are highly expensive and there is currently limited demand for products marketed as 'free from' gluten, allergens or similar ingredients.

Korea is one of the most connected countries in the world with an online penetration of more than 84 per cent. The country has the world's highest average internet connection speed and the highest number of available WiFi locations, leading to an increase in food products purchased online.

Currently, the majority of Australian food exports to Korea (with the notable exception of premium beef) are imported into food manufacturing

or food service, and are not visible to Korean consumers. Regardless, the competitive positioning of most Australian food and beverage exports to Korea is based on high-quality rather than lowest-cost commodity products. Neighbouring markets such as Japan illustrate the potential for greater penetration of Australian foods positioned for premium market niches, across categories such as meat, fruit, vegetables, nuts, wine and branded retail products.

Australia's general reputation across Asian markets as a high-quality, safe food producer extends to the Korean market, although the overall visibility of Australian foods to Korean consumers is currently low.

## Local manufacturing

Korea has a highly sophisticated manufacturing sector. This sector is both an important customer for Australian ingredients exporters, and a direct competitor to Australian processed food exporters. The local manufacturing industry relies heavily on food ingredients from countries such as the US, China, Australia and Brazil.<sup>2</sup> Korea has a highly developed food manufacturing capability. In 2011, there were approximately 4,087 food processing companies with more than 10 employees.<sup>3</sup> Strong capability exists in beverages, noodles, meat processing, dairy and ice-cream and sauces.

### Top 20 products of the Korean processing industry based on sales (excluding exports)<sup>4</sup>

RANK	PRODUCT
1	Beer
2	Soju (Korean liquor)
3	Carbonated beverages
4	Bread
5	Other processed food
7	Wheat flour
8	Instant noodles in plastic bags
9	Sauces
10	Instant coffee
11	Snacks
12	Mixed beverages
13	Cakes
14	Processed seafood
15	Table sugar
16	Chocolate products
17	Cabbage kimchi
18	Seasoned processed food
19	Soybean oil
20	Biscuits

The manufacturer websites shown on this page provide details including product offerings, taste profiles, packaging and portions.

Korea has strong and well-established locally manufactured brands, such as CJ and Lotte, across dairy, bakery, confectionery and beverages.

### Local major food manufacturers<sup>5</sup>

COMPANY	PRODUCTS	WEBSITE
OB Beer	Beer	<a href="http://obbeer.co.kr">obbeer.co.kr</a>
CJ CheilJedang Corp	Sugar, wheat flour, mixed feeds, soy milk	<a href="http://cj.co.kr">cj.co.kr</a>
Lotte Chilsung	Drinks, alcohol, juices, coffee	<a href="http://lottechilsung.co.kr">lottechilsung.co.kr</a>
Nongshim	Instant noodles, snacks, beverages	<a href="http://nongshim.com">nongshim.com</a>
Hite-Jinro	Alcohol	<a href="http://jinro.co.kr">jinro.co.kr</a>
Lotte Confectionery	Confectionery	<a href="http://lotteconf.co.kr">lotteconf.co.kr</a>
Orion Corp	Confectionery, chewing gum, snacks	<a href="http://orionworld.com">orionworld.com</a>
Dongsuh Food	Coffee, tea, honey, cereal	<a href="http://dongsuh.co.kr">dongsuh.co.kr</a>
Coca-Cola Korea	Beverages	<a href="http://cocacola.co.kr">cocacola.co.kr</a>
Ottogi Corp	Ketchup, mayonnaise, curry, vinegar, edible oils	<a href="http://ottogi.co.kr">ottogi.co.kr</a>
Paris Croissant	Bakery	<a href="http://spc.co.kr">spc.co.kr</a>
Daesang Corp	Seasonings, food additives, starch	<a href="http://daesang.co.kr">daesang.co.kr</a>
Samlip General Food	Bakery	<a href="http://samlipgf.co.kr">samlipgf.co.kr</a>
Samyang Corp	Sugar, edible oils, animal feeds	<a href="http://samyang.co.kr">samyang.co.kr</a>
Lotte Foods	Dairy, ice-cream, fat, oils	<a href="http://lottefoods.co.kr">lottefoods.co.kr</a>
Haitai Confectionery	Confectionery, ice-cream	<a href="http://ht.co.kr">ht.co.kr</a>
Crown Confectionery	Confectionery	<a href="http://crown.co.kr">crown.co.kr</a>
Dongwon F&B	Canned product, beverages, meat products	<a href="http://dongwonfnb.com">dongwonfnb.com</a>





# KEY CHANNELS TO MARKET

Australian exporters can choose from a range of channels to market, including food manufacturing, retail, food service, online, and agents and distributors.

## Food manufacturing

**Manufacturing inputs:** Imported Australian agricultural products and bulk food ingredients are used to make many iconic Korean products. Malting barley is a key input for Korea's brewers, and wheat is used to make much of Korea's bread, udon and soba noodles. Oats and lentils are seen as a superfood and are eaten with rice; soybeans are used for tofu production; and mung beans for bindaetteok (Korean pancakes). Milk powder and whey proteins are used in baked goods, confectionery and infant formula, and sugar is used in beverage manufacturing.

**Contract packed:** Products such as butter, cheese, honey, fresh juice, pulses, legumes and edible oils are imported in bulk and contract packed under local brands. Almost all nuts sold in Korea are imported in bulk and contract packed or used in food manufacturing, with little visibility of international branded products.

**Private label:** A broad range of private-label products can be found under the Peacock (Shinsegae), E-mart and Lotte brands such as chips, biscuits, ready-to-eat meals and cereals. These are either manufactured in their country of origin, or in Korea by local manufacturers or via joint ventures with multinational corporations.

## Retailers

Retailer	Stores	Approach to sourcing product
Hypermarkets	E-mart Homeplus (ex-Tesco) Lotte Mart Costco	<p>Large Korean retailers are increasingly purchasing directly from overseas suppliers to differentiate their product and lower their prices. E-mart is most active in direct purchasing and imports 12,000 units from 47 countries.</p> <p>The economic recession has prompted major Korean retailers like E-mart and Lotte Mart to open Costco-style discount warehouse stores (E-mart Trader and VIC Market respectively) targeting consumers who want value for money. Lotte Mart is expanding its product range, especially for VIC Market.</p> <p>Homeplus (operated by Tesco UK) undertook group purchasing with its parent company but was sold to a consortium led by Seoul-based private equity fund MBK Partners in 2015.</p> <p>Costco imports products directly. If your product is sold at Costco in Australia, there is a greater chance the company will be willing to speak to you. Costco may wish to refresh its brands so customers have more choice and new products.</p> <p>Note that government regulations have been introduced to restrict new hypermarket stores from opening to protect smaller retailers.</p>
Grocery stores Supermarkets	Lotte Super GS Super Homeplus Express E-mart Everyday	<p>These supermarket chains are similar to large retailers but carry fewer imported food products compared to hypermarkets.</p>
Department stores	Lotte Shinsegae Hyundai	<p>Premium food sections at department stores are increasingly going upmarket, differentiating themselves from discount stores as they try to adapt to customers' changing tastes and consumption patterns. They do not import directly so you will need to work with an importer. Smaller importers sell their products to a wholesaler who is a vendor (have their own shelves) in a department store. Wholesalers and vendors also import directly.</p>
Convenience stores	Family Mart CU 7-Eleven	<p>Convenience stores work through importers and have some international products. Beverages, confectionery and ice-cream could be good options for this channel.</p>

## Food service (Horeca) providers

Sector	Target companies	Suitable products/market entry suggestions
Hotels and restaurants	4–5-star hotels, high-end restaurants  Shilla, Lotte, Hyatt, Westin and Plaza Hotel	Meat, seafood, wine, dressings, flavoured mineral waters, smallgoods, juices, cheese products, portion-control condiments, boutique beers
Airlines and catering companies	Korean Air, LSG Sky Chef	Portion-control salad dressings/condiments, biscuits, snacks, beverages
Fast food restaurants	Pizza Hut, Domino's Pizza, Mr Pizza  McDonalds, Burger King, KFC, Lotteria	Dairy products, cheese, bakery flours, tomato paste, vegetables, smallgoods, frozen pizzas, drinks
Corporate canteens	Ourhome, CJ Freshway, Shinsegae Food, Hyundai Green Food, Dongwon Home Food, Samsung Everland	Among food service companies, CJ Freshway, Ourhome, Samsung Everland and Shinsegae Food are operating global trading businesses and are interested in importing products from Australia. They normally import fruit (pineapples, bananas, oranges, cherries and tropical fruit), vegetables (potato, garlic and carrots), meat (beef and pork), frozen seafood and some processed food (ham, oil, juice, frozen soup) and supply to catering companies, wholesalers and retailers
Cafes and coffee shops	Starbucks, Coffee Beans, Café Bene, Edya Coffee	Mineral water, juices, bakery products
Franchise bakery chains	Paris Croissant, Tour Les Jours	Mineral water, juices, bakery products

Australian exporters can choose from a range of channels to market, including food service for hotels, restaurants and cafes (Horeca).



## Online markets

The online market is becoming more popular; mobile shopping in particular is growing at a fast rate. Similar to Australia, where most packaged food sales are through leading supermarkets, in Korea the majority of online sales are through existing retailers such as E-mart, Lotte and Homeplus.

The sites listed below<sup>7</sup> offer a combination of internet shopping, mobile shopping, TV home shopping and catalogue shopping. The majority of sales are consumer products; however, there has been an increase in sales of health and food products in recent years.

- › CJ O Shopping  
[cjmall.com](http://cjmall.com)
- › GS Home Shopping  
[gshop.co.kr](http://gshop.co.kr)
- › Hyundai Home Shopping Network Corporation  
[hmall.com](http://hmall.com)
- › Lotte Home Shopping  
[lotteimall.com](http://lotteimall.com)
- › NS Shopping  
[nshop.com](http://nshop.com)
- › SK Planet  
[11st.co.kr](http://11st.co.kr)
- › eBay Korea  
[auction.co.kr](http://auction.co.kr)  
[gmarket.co.kr](http://gmarket.co.kr)

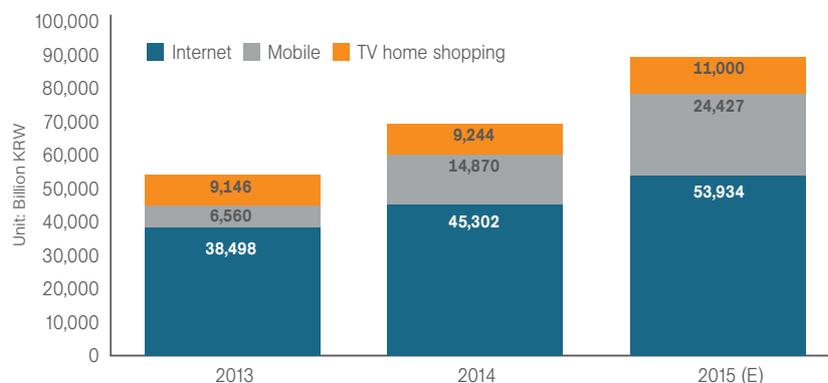
## Agents and distributors

Most Australian firms rely on agents or distributors to represent their business in Korea.

### Trading agents

Agents do not take ownership of goods but act as a representative of the supplier. The exporter generally pays a commission to the agent based on the sales value generated.

## Internet, mobile and TV home shopping sales in Korea<sup>6</sup>



The food service and food manufacturing sectors rely heavily on trading agents. This is largely the case for dairy companies, where agents play a major role in liaising with customers or R&D teams, facilitating meetings, and resolving issues.

### Importers and distributors

A distributor buys goods – that is, the distributor ‘takes title’ of the goods – and then resells the goods to local end users who may be retailers or consumers. In some cases, the distributor may sell to other wholesalers who then sell to local retailers or end users. Distributors add a margin to products as their fee. These ‘fees’ are higher than those of agents because distributors usually carry inventory, extend credit for customers, and are responsible for marketing.

Importers generally prefer to work through distributors, in part to avoid holding stock themselves. Korean importers usually request exclusive rights for at least two years so they can build their position in the market. Some Australian organic wheat flour exporters currently work with importers who forecast import volumes with SMEs (such as bakery shops), acting as a consolidator/distributor.

In recent years, large discount store chains have been very active in sourcing directly from foreign countries to secure greater competitiveness. However, they mostly import through major vendors,

and if products are doing well they may go direct to suppliers. With new products, importers will generally want to start with one pallet or less to test the market then gradually build volume before making a full container order. The majority of Australian SMEs initially work with distributors and consolidators. In Korea, the consolidator model works best in the food service sector but in the retail sector the importer still tends to work with manufacturers directly.

### Direct relationship and joint venture/contract manufacturing

A direct relationship with retailers is often only reserved for large well-known brands with high turnover. For instance, Seoul Dairy is distributing French ‘Bell’ cheese and Nongshim, one of the major instant noodle manufacturers in Korea, is distributing Italian ‘Barilla’ pasta. Multinationals have also established joint ventures with local companies or contract local distribution. Maeil Dairy used to import Nabisco Foods confectionery products from the US; however, the distribution rights for Nabisco Foods products in Korea was passed to Dongsuh Foods after Kraft Foods (a parent company of Nabisco) took a controlling stake in Dongsuh Foods.

To gain a better understanding of agents and distributors, visit [austrade.gov.au/Australian/Export/Guide-to-exporting/Agents-and-distributors](http://austrade.gov.au/Australian/Export/Guide-to-exporting/Agents-and-distributors).

# THE COMPETITIVE ENVIRONMENT

A woman with long dark hair, wearing a white blazer over a light-colored blouse, is seated at a table in a restaurant. She is looking down at a plate of food, which includes a piece of meat, vegetables, and a garnish. She is using a knife to cut into the meat. The background is blurred, showing other diners and warm lighting.

Korea has a number of free trade agreements in place with other countries and regions, such as ASEAN, Canada, Chile, China, EFTA (Switzerland, Norway, Iceland and Lichtenstein), EU, India, New Zealand, Peru, Singapore, Turkey and the US.

Country of origin branding is important in the decision-making process for both trade customers and consumers – price, taste and brand loyalty are the primary factors. A limited number of Australian packaged brands can be found in the market; however, there is renewed interest due to the drop in the Australian dollar and the cost benefits realised under KAFTA.

Australia competes with the US, China and Brazil in bulk commodities such as grains, pulses, dairy, sugar and meat. When it comes to processed retail food, Australia faces fierce competition from around the world. Korea is a sophisticated market and Australian products compete with major players from the US, Europe, Japan and New Zealand.

Products from European countries such as Belgium, France and Italy have a particularly positive and well-established branding in the minds of Korean consumers. Regions and individual countries also present strong competition in specific categories, such as European countries for chocolate, South East Asian countries for fruit snacks, the US for nuts, Mediterranean countries for edible oils and salami, and the US, New Zealand and France for cheese. Australia's existing reputation in the market is centred on meat, wine, cherries and ice-cream.

Other competitors from lower-cost manufacturers such as Latin America and South East Asia, such as Malaysia, the Philippines and Thailand, are rapidly improving their reputation for quality while maintaining a cost advantage.

Categories such as beverage and confectionery include hundreds of international and domestic brands, compared to bakery mixes with limited international brands. There is almost zero visibility of international brands in the snack nuts category in retail stores.

## Food imports into Korea

At just over US\$2.3 billion of total food and beverage exports (including agricultural exports), Korea is Australia's fifth largest food and beverage export market by value behind China, Japan, the US and Indonesia. Australia supplies approximately 9 per cent of Korea's overall imports of US\$26.6 billion, with minor market share in most categories except for beef, sugar and malt, and very limited market share in all non-commodity imports outside of red meat.

### Korea's food imports by volume and value (from all countries)<sup>8</sup>

HS code	Product	From Australia Value in 2015 US\$ '000	From world Value in 2015 US\$ '000	Aust. % share of category
	<b>Total food into Korea</b>	<b>2,348,910</b>	<b>26,647,746</b>	<b>9</b>
'02	Meat	1,138,039	3,673,067	31
'17	Sugars and sugar confectionery	422,799	1,088,240	39
'10	Cereals	362,759	3,707,032	10
'12	Oil seeds	97,774	1,553,459	6
'11	Malt, starches, inulin, wheat gluten	92,417	302,298	31
'04	Dairy products, eggs, honey	61,513	745,964	8
'21	Food preparations (incl. ice-cream)	42,128	1,315,394	3
'15	Fats and oils (excl. butter)	27,507	1,039,152	3
'23	Animal feed	24,313	2,083,236	1
'08	Fruit and nuts	21,501	1,718,047	1
'22	Beverages, spirits and vinegar	17,611	909,191	2
'07	Vegetables	12,593	693,599	2
'19	Cereal, flour, starch, milk preparations	10,318	601,993	2
'20	Vegetable, fruit, nut, food preparations (incl. jam)	4,992	944,546	1
'03	Seafood	4,185	3,719,581	0
'16	Meat, fish and seafood food preparations (incl. canned)	4,046	704,860	1
'35	Proteins (incl. whey protein concentrates and caseins from dairy)	2,290	648,857	0
'13	Gums and resins	1,346	158,143	1
'18	Cocoa and cocoa preparations (incl. chocolate)	392	385,579	0
'09	Coffee, tea, mate and spices	387	655,508	0

# PREPARING TO EXPORT



Before entering the market, exporters can undertake a number of preparatory activities to increase their chances of success and help manage costs and risks.

AREA	AUSTRADE TIP
General readiness	Austrade's International Readiness Indicator is an online tool that was designed to help Australian businesses determine whether they are ready for exporting. <a href="http://austrade.gov.au/Australian/Export/Guide-to-exporting/International-Readiness-Indicator">austrade.gov.au/Australian/Export/Guide-to-exporting/International-Readiness-Indicator</a>
Market research	Reviewing websites such as SSG.com can help you gain an understanding of local and international products in Korea. Visiting the market and attending events such as Seoul Food and Hotel in May ( <a href="http://seoulfoodnhotel.co.kr">seoulfoodnhotel.co.kr</a> ) can provide a first-hand understanding of the market. Austrade's Doing Business in Korea website provides information on the market and business culture. <a href="http://austrade.gov.au/Australian/Export/Export-markets/Countries/Republic-of-Korea/Doing-business">austrade.gov.au/Australian/Export/Export-markets/Countries/Republic-of-Korea/Doing-business</a>
FTA Portal	The Free Trade Agreement Portal is designed to help businesses make the most of Australia's free trade agreements with Korea, Japan and China. The Portal makes it easier for you to get information about the FTAs, their benefits and how to access them. ( <a href="http://ftaportal.dfat.gov.au">ftaportal.dfat.gov.au</a> )
Identifying in-market partners	Austrade can assist exporters to identify relevant in-market partners. Korean distributors with experience in your particular product can help you understand regulations and market entry.
General expectations of Korean in-market partners	Korean importers or distributors expect suppliers to be able to clearly articulate their unique selling proposition, pricing, marketing support and production process. If distributors are investing in your company by establishing your brand in the market, they will generally seek exclusivity for a number of years.
Adapting your product offering	Many products will need their taste profile, packaging or portion size to be specifically adapted for Korea. The price point may also need to be adjusted relative to other imported products. Consider whether to localise your products, and if this is best achieved independently or together with an established in-market partner.
Regulatory compliance	High standards are applied and strict compliance is expected. Having the right partner will help you stay informed of changes in Korean language over time. Regulations are covered in greater detail in the next section of this document.
Follow up	Korean distributors and retailers expect ongoing support and communication. Korean business culture expects a quick response time. Visit the market regularly to build long-term relationships.
Marketing and promotion	Ongoing marketing and promotion are important for food products. Consider budgeting for ongoing investment in in-store tastings so consumers can trial your product and you can create brand awareness, and to support your importer or distributor.

## Local pricing

The right pricing and the way you provide quotes for your goods are crucial. Imported retail products can be more than three times what it costs in the country of origin, and in the case of food service products, up to five times more due to margins added during the distribution process. Review the Austrade pricing guide<sup>9</sup> and the illustrative margins (right) as a rough guide to your likely cost for end consumers (noting that each product will differ significantly).

### Pricing guide

Invoice amount (CIF)	A\$1
Customs duty (average 0–8 per cent)	A\$1.08 (review your KAFTA rate)
Shipping, transport and import cost (20 per cent)	A\$1.29
Importer margin (average 30 per cent)	A\$1.85
Wholesaler margin (average 15 per cent)	A\$2.17
Retail/outlet price margin (average 25 per cent)	A\$2.90
VAT (10 per cent)	A\$3.19

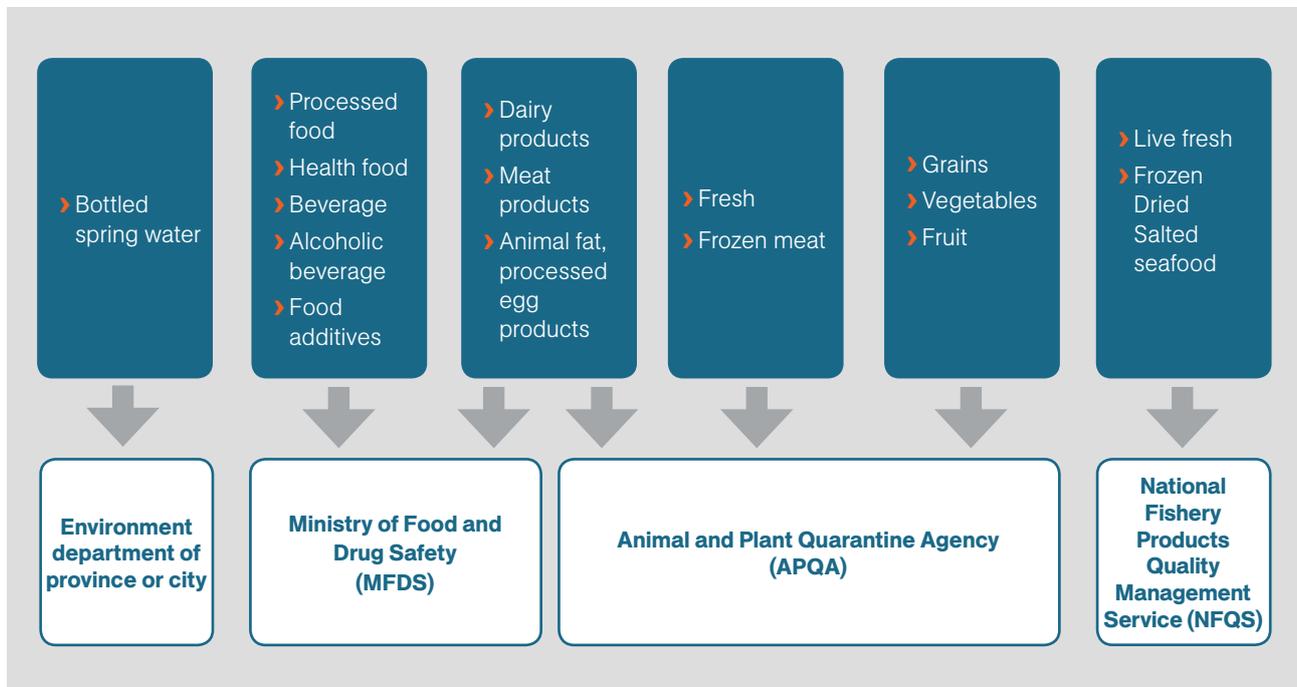


## Crossing the border

Working with an experienced importer is a common way for Australian exporters to understand regulations and procedures and help get the process right the first time. Korea takes food safety very seriously and has strict testing requirements for prohibited substances and tolerances for other substances.

Customs clearance and food inspection usually take two weeks for new products entering Korea, and one week for subsequent shipments. In general, Korean importers are responsible for advising on all necessary documentation for first-time shipments to the market. For first-time exporters, a test shipment of more than 100 kilograms should be used to trial the customs clearance process. This is the minimum weight required for the shipment to be classified as 'commercial'.

## Korean food regulatory agencies



## Regulation process for new food products

### NEWLY IMPORTED FOOD PRODUCT ARRIVES AT AIR OR SEA PORT



#### DOCUMENT REVIEW (1–2 working days)\*

Foreign suppliers entering the market for the first time are required to submit the following documentation through their importer to the Korea Customs Service:

- › an invoice
- › bill of lading or airway bill
- › packing list
- › ingredient list (including the names of all ingredients and their percentages)
- › processing method
- › health certificate (for meat, dairy, fresh produce such as fruit and vegetables, nuts, plants, grains)
- › other relevant certification such as organic or non-GMO certificates.



#### SENSORY TEST AND LABORATORY TEST (7–8 working days)\*

Inspectors will check:

- › the overall quality of the product, including the packaging/colour
- › the consignment information
- › if the labelling is correct or if it is misleading to consumers
- › if the product is being kept under the correct temperature and warehouse conditions
- › A laboratory test will be undertaken to ensure products have the ingredients stated and to check if they have any restricted additives. This is done for all products imported for the first time.

10 DAYS\*



\*Number of days are indicative only based on industry feedback



## Food inspections

The following websites contain information on Korean importation and inspection regulations.

- › **Ministry of Food and Drug Safety (MFDS):** [mfds.go.kr](http://mfds.go.kr)
- › **Ministry for Agriculture, Food and Rural Affairs (MAFRA):** [english.mafra.go.kr](http://english.mafra.go.kr)
- › **Animal and Plant Quarantine Agency (APQA):** [qia.go.kr](http://qia.go.kr)
- › **National Fishery Products Quality Management Service (NFQS):** [nfqs.go.kr/foreign/en/main.html](http://nfqs.go.kr/foreign/en/main.html)
- › **Korean Food Code (KFO):** [mfds.go.kr](http://mfds.go.kr)
- › **Korea Industrial Property Office (KIPO):** [eng.kipris.or.kr](http://eng.kipris.or.kr)
- › **IP Australia:** [ipaustralia.gov.au/understanding-ip/taking-your-ip-global/ip-protection-overseas/ip-protection-south-korea](http://ipaustralia.gov.au/understanding-ip/taking-your-ip-global/ip-protection-overseas/ip-protection-south-korea)
- › **Korea Customs Service:** [customs.go.kr](http://customs.go.kr)

## Quota allocations

The following organisations handle the allocation of quotas for food-grade agricultural products:

- › **Grains:** Korea Agro-Fisheries & Food Trade Corporation, National Agricultural Cooperative Federation
- › **Dairy:** Korea Dairy Industries Association.



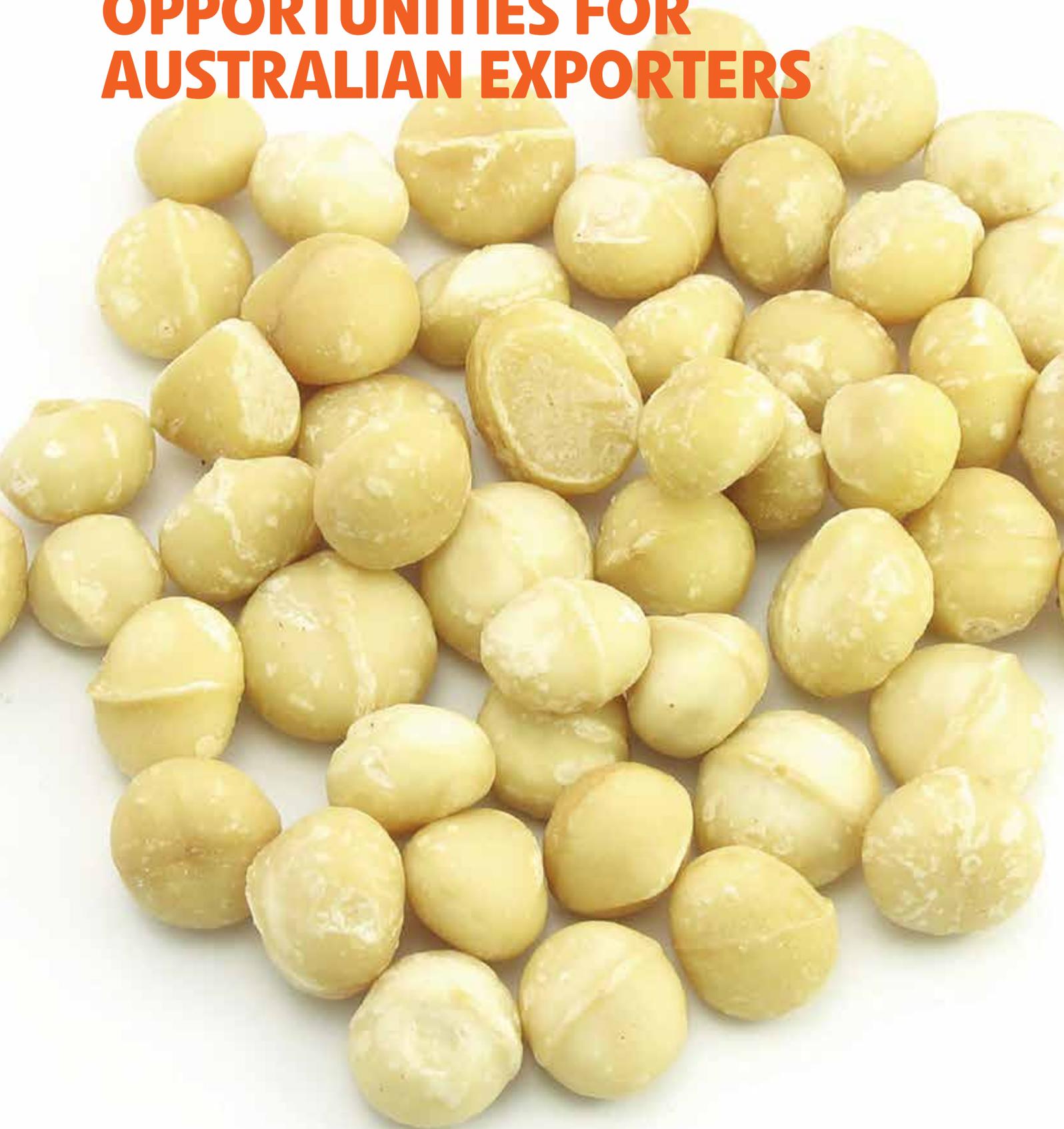
## Standards and procedures

Common standards	Food sectors affected	Enforcement
Prohibited ingredients	<p><b>PROCESSED FOOD</b></p> <p>For both food testing and product registration purposes, companies entering the market with new products must provide (through their importer) a full ingredient list detailing the percentage of each ingredient, along with a manufacturing flow chart, to the Ministry of Food and Drug Safety (MFDS).</p> <p>Some importers are concerned about confidentiality; however, all information is kept with the MFDS and is mandatory for market access.</p> <p>Korea has a 'positive list' system for food additives. If the additive is not on the list, it should be presumed to be prohibited.</p> <p>An initial sample order needs to be 100kg to be regarded a commercial shipment and be subject to standard compliance processes. It is necessary to work with a freight forwarder and distributor who have experience exporting food products to the market. They can help deal with changes in regulations or any other market entry issues.</p>	<p>MFDS</p> <p>Korea Customs</p>
Labelling standards	<p><b>ALL</b></p> <p>A Korean language label should be attached or printed on the product before MFDS inspection. Exporters can attach or print the Korean label before shipping or the importer can attach it in the bonded warehouse before inspection. Labels should include the following:</p> <ul style="list-style-type: none"> <li>› Product name</li> <li>› Product type</li> <li>› Name and address of distributor</li> <li>› Country of origin</li> <li>› Name of manufacturer</li> <li>› Use by date (yyyy/mm/dd)</li> <li>› Net weight (excl. packaging)</li> <li>› Major ingredient listing (incl. percentages)</li> <li>› Packaging materials used (if synthetic).</li> </ul> <p>Exaggerated health claims such as 'low sugar' or 'reduces cholesterol' are generally not allowed.</p> <p><b>READY-TO-EAT FOODS, SUGAR, SALT, ALCOHOL</b></p> <p>All the requirements listed above, as well as date of manufacture.</p>	<p>MFDS</p>
Weights and measures	<p><b>ALL</b></p> <p>Metric weights and measures should be used on packaging.</p>	<p>MFDS</p>

Common standards	Food sectors affected	Enforcement
Shelf-life limits	Korean importers will generally want food to have 6–12 month shelf-life. MFDS reviews the product to see if it has enough shelf-life to be sold in the country.	MFDS
IP protection	A person who registers a trademark first has a preferential right to that trademark. Korea Industrial Property Office (KIPO) is responsible for registering trademarks and reviewing cases.	KIPO
Product and ingredient testing	<p><b>PROCESSED FOOD, DAIRY, BEVERAGES, MEAT, ANIMAL FAT, GRAINS, HORTICULTURE, SEAFOOD</b></p> <p>The information below applies to all of the above categories.</p> <ul style="list-style-type: none"> <li>› <b>Precise examination:</b> Based on the inspection method in the Korean Food Code, Food Additive Code and Health Functional Food Code, MFDS/MAFRA will test a randomly chosen sample in approved labs.</li> <li>› <b>Sensory test:</b> Inspector visits a bonded warehouse and checks the appearance, smell, taste, colour, packaging and condition of product.</li> <li>› <b>Random sampling:</b> Following initial approval for new products, MFDS/MAFRA will randomly choose subsequent shipment samples for precise examination based on a random sampling plan.</li> </ul> <p>Exporters need to adhere to Maximum Residue Limits (MRL) and Maximum Permitted Concentrations (MPC) for coliforms found in fresh and processed food. Check limits for Korean specifications first as Australian specifications may differ and are not recognised.</p>	MFDS MAFRA
HS code binding ruling	<p>When the product is imported, the Central Customs Laboratory and Scientific Service (cclss.customs.go.kr) within the Korea Customs Service classifies the HS code based on the submitted sample, food processing chart and ingredient list (referencing the Korea Food Code).</p> <p>If you are unsure about your HS code, work with your importer to get an advance ruling.</p>	Korea Customs
Halal	Halal is not broadly required as it is not a unique selling point for general Korean consumers. These products are sold at select foreign food stores in small volumes.	N/A
Kosher	Kosher is not broadly required as it is not a unique selling point for general Korean consumers. These products are sold at select foreign food stores in small volumes.	N/A
Quotas and licensed supplier approvals	Quotas are usually allocated for grains and dairy products.	Industry association for each area
Licence supplier approvals	For meat products, abattoir and meat processing facilities need to be export-approved by the Australian Department of Agriculture.	Dept Agriculture MAFRA

Common standards	Food sectors affected	Enforcement
Health certificate	<p><b>MEAT, DAIRY, GRAIN, HORTICULTURE, SEAFOOD</b></p> <p>The date of the health certificate issued by the Australian Department of Agriculture should be before the shipping date. Health certificates issued after the date of shipment can cause problems.</p>	MAFRA
FTA Certificate of Origin (COO)	<p><b>ALL</b></p> <p>To obtain reduced tariff benefits under KAFTA, arrange with your local Chamber of Commerce and Industry Office or other approved certifier to obtain the relevant KAFTA COO.</p>	Korea Customs
Organic certificate (recognised Australian bodies)	<p><b>FOODS LABELLED AS ORGANIC</b></p> <p>Currently Australian Certified Organic is the only certification body which can meet the Korean organic standard scheme.</p>	MFDS
Food safety certificates	<p><b>ALL</b></p> <ul style="list-style-type: none"> <li>› <b>BSE Certification:</b> Required for food and food additives containing ruminants and by-products of ruminants (except for milk and dairy products).</li> <li>› <b>Genetically Modified Organisms:</b> ‘GMO-Free Certification’ required for food containing soybean, corn, cottonseed, rapeseed, sugar beet or its sprouts as the main ingredients (up to the fifth largest ingredient).</li> <li>› <b>Phytosanitary Certificate:</b> Required to import plants, packaging or containers for the plants. Prescribed by the International Plant Protection Convention and issued by a government authority of the exporting country (e.g. Australian Department of Agriculture).</li> </ul>	MFDS MAFRA
Imported Food Safety Management Act	<p><b>ALL</b></p> <ul style="list-style-type: none"> <li>› All foreign food establishments including grains and horticulture products for human consumption intended for export to Korea are required to complete a web-based registration process as per the notice from the Australian Department of Agriculture).</li> </ul>	MFDS
Shipping documentation	<p><b>ALL</b></p> <ul style="list-style-type: none"> <li>› Bill of lading</li> <li>› Packing list</li> <li>› Commercial invoice</li> <li>› Product description, packing unit and the number of cartons/boxes should all match the shipping documents, including the health certificate. Inconsistencies in the description of products across documents can lead to rejection by Korea Customs.</li> </ul>	Korea Customs

# OPPORTUNITIES FOR AUSTRALIAN EXPORTERS



## Market suitability indicator

The table below provides an indication of market suitability for a broad range of Australian export categories, based on anecdotal feedback from Austrade's commercial network and Euromonitor data on forecast growth for the categories.

The market suitability of specific products and brands is determined by many factors such as unique selling proposition, market barriers, product-specific characteristics and competition.

### Korean market suitability indicator for Australian food export categories<sup>10</sup>

SUITABILITY	BAKERY & MILLING	CONDIMENTS & INGREDIENTS	CONFECTIONERY & SNACKFOODS	DAIRY & CHILLED PRODUCTS	EDIBLE OILS	READY-TO-EAT (RTE) SOUPS/ MEALS/DESSERTS	READY-TO-DRINK (RTD) BEVERAGES	WINE & BEER
HIGH	Shortbread Sweet Biscuits/ Cookies	Coffee Honey (Manuka)	Chocolate Savoury Crackers/ Crispbreads Snack Nuts Sugar Confectionery/ Lollies	<b>Cheese</b> – Hard (Cheddar, Gouda, Mozzarella, Edam) <b>Cheese</b> – Sliced <b>Cheese</b> – Soft (Camembert, Brie, Cream, Blue) Ham/Smallgoods	Vegetable Oils	Frozen Pizza Packaged/Frozen/ Retort Meals e.g. lasagne etc.	Fruit Juices excl. Orange Orange Juice Soft Drinks carbonated	Craft Beer <b>Barossa Valley Wine</b> – Shiraz, Cabernet, Merlot, Sparkling, Chardonnay, Sauv Blanc <b>Margaret River Wine</b> – Shiraz, Cabernet, Merlot, Sparkling, Chardonnay, Sauv Blanc
MEDIUM	Breakfast Cereals Pizza Bases/ Frozen Dough	Honey (regular) Sauces, Mustards & Dressings & Jams Spices & Seasonings Tea	Dried Fruit Snacks Nougat Nut, Cereal & Fruit Snackbars Rice/Corn/ Potato Extruded savoury snacks	Dairy Desserts & Dips Ice Cream Infant Formula Milk, Soy, Almond	Olive Oil	Baby Foods Frozen Cakes/ Desserts e.g. Sara Lee Frozen Savoury Snacks e.g. pies/ sausage rolls	Apple Cider (alc & non-alc.) Energy Drinks/ Sports Drinks	<b>Hunter Valley Wine</b> – Shiraz, Cabernet, Merlot, Sparkling, Chardonnay, Sauv Blanc <b>Yarra Valley Wine</b> – Shiraz, Cabernet, Merlot, Sparkling, Chardonnay, Sauv Blanc
LOW	Bakery Mixes Dried/Fresh Pasta & Noodles			Margarine & Butter Milk, Fresh Milk Powder Milk, UHT, ESL Whey Protein Concentrate (WPC) Yogurt		Canned/ Frozen Fruit Canned/ Frozen Vegetables Canned/Package/ Retort Soups Frozen Potato Chips/ French Fries	Bottled Water Liquid Breakfast / Smoothie Drinks	<b>Other Regional Wines</b> – Shiraz, Cabernet, Merlot, Sparkling, Chardonnay, Sauv Blanc

**Note:** Market suitability is indicative only and companies are encouraged to undertake detailed market research to inform their decisions.



Canola and sunflower seed oils are usually imported in bulk and bottled locally. There may be some opportunity in hi-oleic canola oil, which is a premium product, and Australian non-GMO oil. Canola and sunflower seed oils are still increasing in popularity as they are good for multipurpose cooking. Olive oils from Mediterranean countries such as Spain, Italy and Greece benefit from strong country-of-origin branding. There is some niche awareness, with Italian-style restaurants featuring olive oil with bread as a starter. The quality of Australian olive oil is not as well known, and industry-level promotion and individual company in-store promotions are needed to help address this.



## Summary of specific product opportunities

The table below provides a summary of the KAFTA reductions for a select number of product groups that represent the strongest potential in Korea for Australian exporters, as assessed by Austrade. This table is indicative only and companies should undertake their own in-market research.

### Specific category opportunities<sup>1</sup>

Product	Tariff in 2016 + annual reduction to elimination	Korean competition	Competing countries & brands	Specific area of opportunity	Austrade feedback
<b>BEVERAGES &amp; JUICES</b>	<p><b>Coloured mineral waters</b>  <b>HS code: 2202.10.10.00</b>                      4.5% (1% annual reduction to reach zero by 1 January 2020).</p> <p><b>Mineral water &amp; aerated water</b>  <b>HS code: 2201.10.00.00</b>                      0%</p> <p><b>Orange juice</b>  <b>HS code: 2009.12.00.00</b>                      (not frozen, brix value not exceeding 20)                      21.6% (10.8% annual reduction to reach zero by 1 January 2018).</p> <p><b>Grape juice</b>  <b>HS code: 2009.61.00.00</b> (of a brix value not exceeding 30)                      18% (9% annual reduction to reach zero by 1 January 2018).</p> <p><b>Apple juice</b>  <b>HS code: 2009.71.00.00</b> (of a brix value not exceeding 20)                      31.5% (4.5% annual reduction to reach zero by 1 January 2023).</p>	Lotte Chilsung, Dong A Otsuka, Maeil Dairies, Pulmuone, Coca-Cola Korea	<p>France, Austria, Germany, US, Italy, Japan, UK</p> <p>Perrier, San Pellegrino, Santa Vittoria, Trevi (Italy)</p> <p>North American juice brands such as Del Monte, Sunkist and Minute Maid</p>	<p>Flavoured mineral and sparkling waters</p> <p>100% juice</p>	<p>Mineral waters need to be in a glass bottle to be considered premium</p> <p>Frozen juice is another way of distributing 100% fresh juice</p>
<b>CHOCOLATE &amp; SUGAR CONFECTIONERY</b>	<p><b>Chocolate</b>  <b>HS code: 1806.20.10.00</b>                      3.2% (1.6% annual reduction to reach zero by 1 January 2018).</p>	Lotte, Crown, Chupa Chups Korea, Orion, Haitai	<p><b>Chocolate:</b>                      Ferrero (Italy), Hershey's (US), Godiva (Belgium), Laderach, Teuscher (Switzerland)</p> <p><b>Confectionery:</b>                      US, China, Germany, Vietnam</p>	<p>Premium boxed chocolates</p> <p>Jellies and chews</p>	<p>Gift-giving seasons are important</p> <p>Transparent packaging for confectionery. Natural ingredients and flavours are popular</p>
<b>BISCUITS</b>	<p><b>Sweet biscuits</b>  <b>HS code: 1905.31.00.00</b>                      6.4% (0.6% annual reduction to reach zero by 1 January 2028).</p>	Haitai, Lotte, Orion	Indonesia, Italy, US, Belgium, Netherlands, Malaysia	Sweet biscuits, chocolate-coated cookies and filled biscuits	Consider individual wrapping for freshness

Product	Tariff in 2016 + annual reduction to elimination	Korean competition	Competing countries & brands	Specific area of opportunity	Austrade feedback
<b>CHEESE &amp; BUTTER</b>	<p>Ensure you cross-check dairy quotas with Austrade first.</p> <p><b>Cheddar cheese</b> <b>HS code: 0406.90.10.00</b> Review duty-free quota. 27.8% (3.1% annual reduction to reach zero by 1 January 2026).</p> <p><b>Cream cheese</b> <b>HS code: 0406.10.10.20</b></p> <p><b>Mozzarella cheese</b> <b>HS code: 0406.10.10.10</b> Review duty-free quota. 30% (2% annual reduction to reach zero by 1 January 2031).</p> <p><b>Butter</b> <b>HS code: 0405.10.00.00</b> Review duty-free quota. 71.2% (6% annual reduction to reach zero by 1 January 2028).</p>	<p><b>Cheese:</b> Sangha (Maeil Dairies), De Vinch (Namyang Dairy Products), Denmark (Dongwon F&amp;B), Seoul (Seoul Dairy Cooperative)</p> <p><b>Butter:</b> CJ CheilJedang, Seoul Dairy, Lotte Chefood Home Butter, Dongwon, Namyang</p>	<p><b>Cheese:</b> US, Europe (Germany, France, Italy, Netherlands, Denmark), New Zealand. Contract packed</p> <p><b>Dairy spreads:</b> US, Singapore, Malaysia, New Zealand</p> <p><b>Butter:</b> Lurpak (Denmark)</p>	<p>Pizza dough cheese, products for children, contract manufacturing</p>	<p>Work with a local importer who has access to the quota</p>
<b>SAUCES, DRESSINGS &amp; CONDIMENTS</b>	<p><b>Tomato ketchup</b> <b>HS code: 2103.20.10.00</b> <b>Mustard</b> <b>HS code: 2103.30.20.00.</b> Both 4.5% (1.1% annual reduction to reach zero by 1 January 2020).</p> <p><b>Tomato sauce</b> <b>HS code: 2103.20.20.00</b> 36% (3% annual reduction to reach zero by 1 January 2028).</p> <p><b>Soy sauce</b> <b>HS code: 2103.10.00.00</b> 3.2% (1.6% by 1 January 2017 to reach zero by 1 January 2018).</p> <p><b>Mayonnaise</b> <b>HS code: 2103.90.90.10</b> 0%</p> <p><b>Vinegar (other)</b> <b>HS code: 2209.00.90.00</b> 4.5% (1.1% annual reduction to reach zero by 1 January 2020).</p> <p><b>Brewery vinegar</b> <b>HS code: 2209.00.10.00</b> 3.2% (1.6% on 1 January 2017 to reach zero by 1 January 2018).</p> <p><b>Jam</b> <b>HS code: 2007.91.10.00</b> 24% (2% annual reduction to reach zero by 1 January 2028).</p> <p><b>Peanut butter</b> <b>HS code: 2008.11.10.00</b> 35% (5% annual reduction to reach zero by 1 January 2023).</p>	<p>CJ CheilJedang, Daesang, Ottogi, Sempio</p>	<p>China, Japan, US, Thailand, Hong Kong, Italy, New Zealand</p> <p><b>Sauces:</b> Lee Kum Kee (HK), Heinz (US), Campbell's (US), Hunt's (US), Kikkoman (Japan), A1 (UK/US)</p> <p><b>Dressings:</b> Morn (Thailand), Kühne (Germany)</p> <p><b>Condiments:</b> McCormick (US), ISFI (Belgium)</p> <p><b>Spreads:</b> Waitrose (UK), Skippy (US), Ligo (US), Nutella (Italy), Belgid'Or (Belgium), St Dalfour (France), Zuegg (Italy), Bonne Maman (France), SuperJam (UK), Mackays (UK)</p>	<p>Western-style sauces and 'better for you' salad dressings</p> <p>Premium condiments with a story behind them</p>	<p>Style of bottle needs to look premium to demand premium price</p> <p>Clear bottles for salad dressings</p>

Product	Tariff in 2016 + annual reduction to elimination	Korean competition	Competing countries & brands	Specific area of opportunity	Austrade feedback
<b>READY-TO-EAT MEALS &amp; DESSERTS</b>	<p><b>Beef-based meals</b> <b>HS code: 1602.20.10.00</b> 57.6% (4.8% annual reduction to reach zero by 1 January 2028).</p> <p><b>Stuffed pasta</b> <b>HS code: 1902.20.00.00</b> 5.6% (0.8% annual reduction to reach zero by 1 January 2023).</p> <p><b>Ice-cream</b> <b>HS code: 2105.00.10</b> without cocoa <b>HS code: 2105.00.10.90</b> other 4.5% (1.1% annual reduction to reach zero by 1 January 2020).</p> <p><b>Pastries and cakes</b> <b>HS code: 1905.90.10.30</b> 6.4% (0.6% annual reduction to reach zero by 1 January 2028).</p>	<p><b>Meals:</b> Ottogi Foods, Dongwon F&amp;B, CJ CheilJedang, Pulmuone</p> <p><b>Desserts:</b> Lotte Confectionery, Binggrae, Haitai Confectionery</p>	<p><b>Meals:</b> Italy, Japan, Spain, Denmark, UK, France</p> <p><b>Stuffed pasta:</b> China, Vietnam, Thailand, US, Italy</p> <p><b>Ice-cream:</b> France, Spain, Häagen-Dazs (US), Hershey (US)</p> <p><b>Other:</b> Kraft's Philadelphia Cheese Cake (US), Dolceria Alba Tiramisu Cake (Italy), Mag'm Macarons (France), J&amp;J Snack Food Corp Tio Pepe's Crispy Cinnamon Waffle (US) and Poppie's Mini Eclairs (US)</p>	<p>Frozen Western-style meals</p> <p>Ice-cream</p>	<p>Ready-to-eat meals will usually require some adaptation to local tastes</p>
<b>SNACKFOODS</b>	<p><b>Corn chips</b> <b>HS code: 1904.10.20.00</b> 3% (0.7% annual reduction to reach zero by 1 January 2020).</p> <p><b>Packaged potato crisps</b> <b>HS code: 2004.10.00.00</b> 16% (1.4% annual reduction to reach zero by 1 January 2028).</p> <p><b>Muesli bars</b> <b>HS code: 1904.20.10.00</b> 37.5% (2.5% annual reduction to reach zero by 1 January 2031).</p>	<p>Nongshim, Orion, Crown, Lotte Confectionery, Haitai, CJ CheilJedang</p>	<p><b>Chips:</b> NZ, US, Europe, Malaysia. Frito Lay, Pringles, Tyrrell's (UK), Convivial Yorkshire Crisps (UK), Jaker (Malaysia)</p> <p><b>Nuts:</b> US, India, Chile, Turkey</p> <p><b>Fruit snacks:</b> US, SE Asia. 7D (Philippines), Danielle (Thailand/US)</p> <p><b>Snackbars:</b> US, China, Belgium, Germany. Nature Valley Crunch (Spain), Nice and Natural (Netherlands), Musli Yogurt Cherry (Slovak Republic), El Almendro Cereal Bars (Spain)</p>	<p>Potato chips</p> <p>Bulk nuts for contract packing</p> <p>Processed fruit snacks</p> <p>Premium snack bars</p>	<p>Taste profile of chips is different in Korea</p> <p>Limited branded snacknuts in market</p> <p>Snackbars are largely seen as a healthy option rather than a premium treat</p>

Product	Tariff in 2016 + annual reduction to elimination	Korean competition	Competing countries & brands	Specific area of opportunity	Austrade feedback
<b>EDIBLE OILS</b>	<p><b>Olive oil</b>  <b>HS code: 1509.10.00.00</b>  <b>virgin</b>  <b>HS code: 1509.90.00.00</b>  <b>other</b>            5.6% (0.8% annual reduction to reach zero by 1 January 2023).</p> <p><b>Refined sunflower seed oil</b>  <b>HS code: 1512.19.10.10</b>            7% (1% annual reduction to reach zero by 1 January 2023).</p> <p><b>Refined canola (low erucic acid rape or colza oil)</b>  <b>HS code: 1514.99.10.10</b>            4% (2% annual reduction to reach zero by 1 January 2018).</p>	CJ CheilJedang, Ottogi, Dongwon, Daesang, Sajo Haepyo	<p><b>Sunflower:</b> Spain, Italy, US, Stilla (Italy), Rio Santo (Turkey) and Pure Sun (Italy). Grapeseed – Monini and Ottavio (Italy)</p> <p><b>Canola:</b> Canada, Kirkland (Costco Korea) and Ranieri (Italy)</p> <p><b>Olive:</b> Spain, Italy, Turkey, Greece. Barbera, Olivita, Mantova, Monini Classico, Divella Olio and L'olio Dececco (Italy), Terra Creta (Greece), Ybarra (Spain)</p>	Hi-oleic canola oil Premium oils (canola, olive, grapeseed)	Mediterranean countries hold strong country of origin branding for olive oil so further marketing and promotion is required to educate consumers on the quality of Australian oils
<b>BREAKFAST CEREAL, GRAINS &amp; PULSES</b>	<p><b>Cornflakes</b>  <b>HS code: 1904.10.10.00</b>            3% (0.7% annual reduction to reach zero by 1 January 2020).</p> <p><b>Puffed rice</b>  <b>HS code: 1904.10.30.00</b>            0%.</p> <p><b>Muesli</b>  <b>HS code: 1904.20.10.00</b>            37.5% (2.5% annual reduction to reach zero by 1 January 2031).</p> <p><b>Wheat</b>  <b>HS code: 1001.99.20.90</b>  <b>Unprocessed oats</b>  <b>HS code: 1004.90.00.00</b>            Both 0%.</p> <p><b>Malting barley</b>            Check KAFTA quota with Austrade.  <b>HS code: 1003.90.10.00</b></p> <p><b>Chickpeas</b>  <b>HS code: 0713.20.00.00</b>            18.9% (2.7% annual reduction to reach zero by 1 January 2023).</p>	<b>Breakfast cereal:</b> Nongshim, Kelloggs, Dongshu Foods, Pulmuone	<p>US, China, Belgium, Cuetara (Spain), Flahavan's (Ireland), Lizi's (UK), Dr Oetker (Germany), Familia (Switzerland) and Tilo's (Belgium)</p> <p><b>Wheat:</b> US, Ukraine</p> <p><b>Barley:</b> India, US</p> <p><b>Oats:</b> Canada, Russia</p> <p><b>Sorghum:</b> China, US</p> <p><b>Lentils:</b> US, Canada</p> <p><b>Chickpeas:</b> US, Myanmar</p>	Muesli Higher-value specialty grains and pulses	<p>Koreans are well aware of superfoods such as lentils, quinoa, goji berries and 'better for you' options such as stevia, low sugar and low GI</p> <p>Korea's increasingly health-conscious population is creating demand for premium, organic and non-genetically modified grain-based products and pulses</p>

Product	Tariff in 2016 + annual reduction to elimination	Korean competition	Competing countries & brands	Specific area of opportunity	Austrade feedback
<b>BEEF, LAMB, SMALLGOODS &amp; SEAFOOD</b>	<p><b>Short ribs</b>  <b>HS code: 0201.20.10.00</b>            32% (2.7% annual reduction to reach zero by 1 January 2028).</p> <p><b>Lamb</b>  <b>HS code: 0204.10.00.00</b>            15.7% (2.2% annual reduction to reach zero by 1 January 2023).</p> <p><b>Sausages</b>  <b>HS code: 1601.00.10.00</b>            7.2% (3.6% annual reduction to reach zero by 1 January 2018).</p> <p><b>Ham</b>  <b>HS code: 1602.41.10.00</b>            12% (6% annual reduction to reach zero by 1 January 2018).</p> <p><b>Frozen Atlantic salmon</b>  <b>HS code: 0302.14.00.00</b>            0%</p> <p><b>Chilled southern bluefin tuna</b>  <b>HS code: 0302.36.00.00</b>            0%</p> <p><b>Chilled yellowtail kingfish</b>  <b>HS code: 0302.89.10.00</b>            0%</p> <p><b>Frozen bluefin tuna</b>  <b>HS code: 0303.46.00.00</b>            0%</p> <p><b>Smoked salmon</b>  <b>HS code: 0305.41.00.00</b>            0%</p> <p><b>Smoked trout</b>  <b>HS code: 0305.43.00.00</b>            0%</p> <p><b>Live lobster</b>  <b>HS code: 0306.21.90.00</b>  <b>Frozen lobster</b>  <b>HS code: 0306.11.90.00</b>            Both 0%</p>	Dongwon F&B, CJ CheilJedang, Sajo Daerim, Harim Co., Ltd, Daesang	<p><b>Beef:</b> US</p> <p><b>Lamb:</b> New Zealand</p> <p><b>Smallgoods:</b> US, Europe</p> <p><b>Seafood:</b> China, Russia, Vietnam, US</p> <p>Carchelejo and Julian Martin (Spain), Tyson Deli, Gwaltney Foods, Superior's Brand Meats, and Johnsonville Sausage (US)</p>	<p>Short ribs, cube roll, chuck roll, blade and brisket</p> <p>Salami and salami snacking sticks</p>	Premium salami is sold in the international section with cheese and wine
<b>WINE &amp; BEER</b>	<p><b>Wine</b>  <b>HS code: 2204</b>            0%</p> <p><b>Beer</b>  <b>HS code: 2203.00.00.00</b>            17.1% (4.3% annual reduction to reach zero on 1 January 2020).</p>	Oriental Brewery (OB) and Hite-Jinro	<p><b>Wine:</b> Chile, Europe and the US</p> <p><b>Beer:</b> Japan, Germany and Ireland</p> <p><b>Craft beer:</b> Hawaii's Kona Longboard Island Lager, Denmark's Mikkeller and Japan's Hitachino Nest</p>	<p>Red wine, sparkling wine</p> <p>Craft beer</p>	<p>Both wine and beer need in-market tastings and marketing to achieve success</p> <p>Beer needs to be in a bottle to be considered premium</p>

Product	Tariff in 2016 + annual reduction to elimination	Korean competition	Competing countries & brands	Specific area of opportunity	Austrade feedback
<b>FRUIT, NUTS, &amp; VEGETABLES</b>	<p><b>Oranges</b>  <b>HS code: 0805.10.00.00</b>  April to September, Australian oranges have preferential tariff treatment (discuss tariff quota reductions with Austrade).</p> <p><b>Cherries</b>  <b>HS code: 0809.29.00.00</b>  0%</p> <p><b>Fresh grapes</b>  <b>HS code: 0806.10.00.00</b>  12% (6% annual reduction to reach zero by January 2018) from December to April.</p> <p><b>Dried grapes</b>  <b>HS code: 0806.20.00.00</b>  0%</p> <p><b>Mangoes</b>  <b>HS code: 0804.50.20.00</b>  21% (3% annual reduction to reach zero by 1 January 2023).</p> <p><b>Almonds shelled</b>  <b>HS code: 0802.12.00.00</b>  0%</p> <p><b>Macadamias shelled</b>  <b>HS code: 0802.62.00.00</b>  12% (6% annual reduction to reach zero by 1 January 2018).</p>	Apples, summer fruit, strawberries, grapes, pears	US, South America, New Zealand, ASEAN countries	Cherries, bulk shelled nuts, table grapes, mangoes, oranges, asparagus, chipping potatoes, brussels sprouts	Take advantage of seasonal opportunities and cross-check tariff quotas with Austrade.

## REFERENCES

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# HOW TO USE KAFTA TO EXPORT PRODUCTS TO KOREA

Preferential KAFTA tariffs are not applied automatically in Korea; follow the steps below to take advantage of KAFTA.

1. Read through the DFAT [Guide to using KAFTA to export and import goods](#) and the Austrade *Food and Beverage Market Entry Guide: Opportunities under the Korea-Australia Free Trade Agreement*.
2. Identify the correct HS codes for your product and cross-check with your freight forwarder.
3. Search the DFAT Free Trade Agreement Portal ([ftaportal.dfat.gov.au](http://ftaportal.dfat.gov.au)) to check how your products will be treated under KAFTA in terms of tariff reduction, any tariff quota, and that they meet the criteria for 'Australian Origin'.
4. Prior to signing any contract with an importer or partner, you can cross-check your tariff reduction with them and seek legal advice if required. If necessary, cross-check the HS codes and get an advanced ruling from Korea Customs Service ([customs.go.kr](http://customs.go.kr)) with the assistance of your importer.
5. Prepare FTA certification of origin for your products. You must have origin documents to claim FTA benefits. KAFTA allows Australian exporters to self-certify the origin of their goods by preparing an Origin Certification Document (OCD).  
You can also certify origin by obtaining a Certificate of Origin (COO) from the Australian Chamber of Commerce and Industry (ACCI) and Australian Industry Group (AIG), the accredited certifiers in Australia.

**ACCI:** [acci.asn.au](http://acci.asn.au)

**AIG:** [aigroup.com.au](http://aigroup.com.au)

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