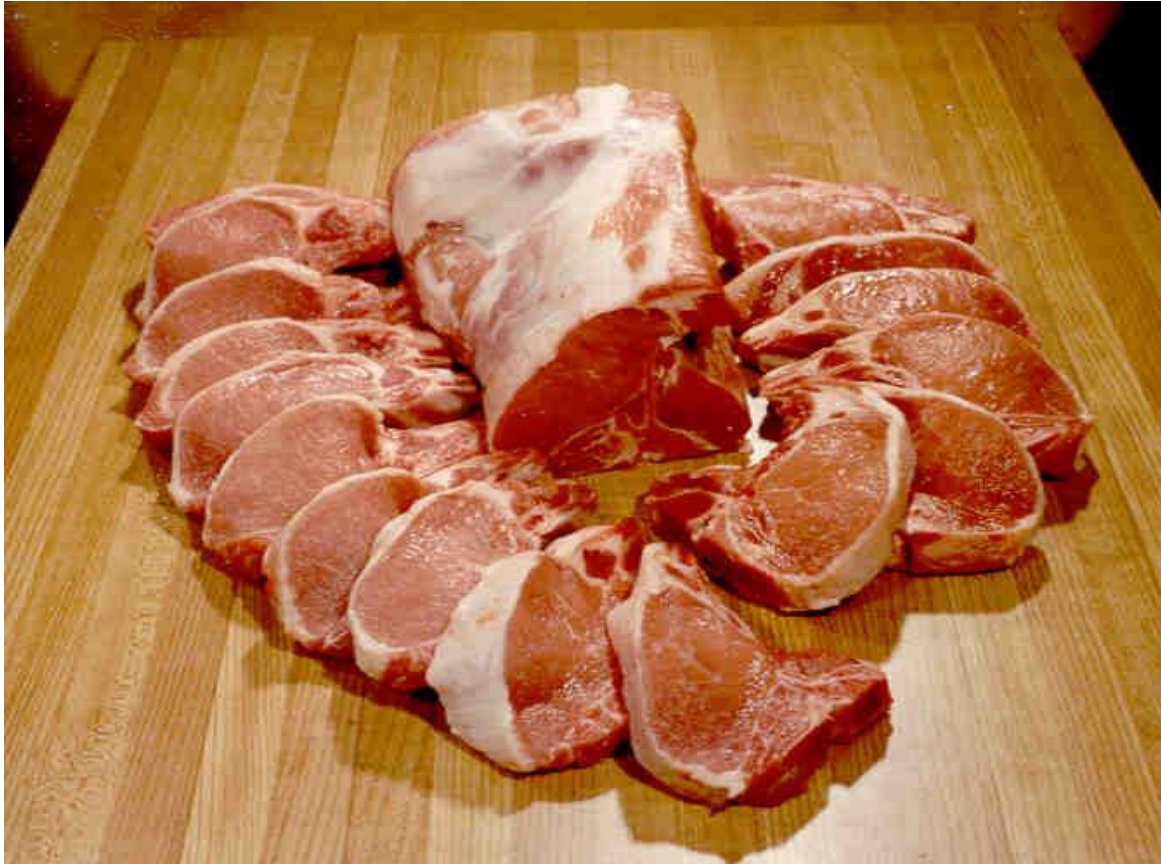


Pork Market in South Korea



February 20, 2024

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SOUTH KOREA

Executive Summary

South Korea is a fast-paced market that depends heavily on food and agricultural imports. Rising incomes are creating demand for diverse, safe, and high-quality foods.

Pork is the most consumed meat in South Korea at approximately 43 per cent of the total meat consumption, with an estimated retail pork sales value of \$9.2 billion. South Korea is among the top five pork importers in the world. Imports of pork and pork products to South Korea have seen a compound annual growth rate (CAGR)¹ of 4.7 per cent in the 2019 to 2023 period. A segment of interest in the pork market is fresh pork, with a CAGR of 17.8 per cent in the same period.

Canada has been one of the top three suppliers of pork to South Korea since 2019, accounting for 9 to 13 per cent of total pork imports between 2019 to 2023. Canadian exports of pork have increased over the years with a CAGR of 20 per cent for the 2019 to 2023 period. Manitoba pork exports to South Korea have also shown a steady increase since 2018, with a CAGR of 24 per cent. In 2022, Manitoba exported \$87 million in pork and pork products to South Korea. Counting only the first 11 months of 2023, Manitoba has significantly increased its pork exports by more than 10,000 tonnes, compared to the previous year, for a total of \$144.6 million. This reaffirms Manitoba's position as the top Canadian supplier of pork to South Korea, accounting for almost 39 per cent of all Canadian pork exports in volume between January 2019 to November 2023.

The Canada-Korea Free Trade Agreement (CKFTA) provides Canadian and Manitoba pork exporters with preferential access to South Korea and the creation of new market opportunities for producers, processors and exporters in both countries.

Key Demographics and Economic Indicators

Country name: Republic of Korea

Head of Government: Yoon Suk Yeol (since May 2022)

Government Type: Unitary presidential constitutional republic

Capital: Seoul

Legislature: Congress with upper house (Senate) and lower house (House of Representatives)

Judiciary: Supreme Court (consists of Chief Justice and 14 judges)

Location: South Korea constitutes the southern part of the Korean Peninsula and borders North Korea along the Korean Demilitarized Zone. The country's western border is formed by the Yellow Sea, while its eastern border is defined by the Sea of Japan.²

Economic indicators: South Korea is the 12th largest economy in the world, in terms of gross domestic product (GDP) (\$1.7 trillion U.S.³).

Population: 52 million (2023)

GDP growth: 2.56 per cent (2022)⁴

GDP per capita: \$56,706 U.S. (PPP, 2023 est.)

GDP per capita rank: 33rd (nominal, 2023 estimated)

Inflation: 5.04 per cent (December 2022)⁵

¹ Compound annual growth rate (CAGR) is the mean annual growth rate of an investment over a specified period of time longer than one year.

² Wikipedia.org

³ World Bank

⁴ South Korea GDP Growth Rate 1961-2023 | MacroTrends

⁵ Inflation.eu

Consumption and the Market

Consumer Trends

Pork is very popular in South Korea and commonly used in dishes such as Sangyeopsal (grilled pork belly) and Jeyuk Bokkeum (spicy pork stir-fry). It is also used in barbecue and stews, reflecting its significance in local food culture. In 2022, the pork consumption per capita in South Korea was about 28.5 kilograms per year,⁶ an increase of 3.3 per cent, compared to 2021.

The rising single-person household population has contributed to the growth of the home meal replacement market and a gradual increase in the use of processed meat in these products. The market saw a 40.1 per cent increase in sales from \$1.28 billion in 2016 to \$1.88 billion in 2017, with packaged pork and seasoned processed meats among the most used in these meals. Ninety per cent of the meat in these products is imported.⁷

Camping is a popular pastime for over 6,000,000 South Koreans. Camping has seen a substantial jump from just 820,000 people back in 2010. The growth in the camping market has led to an increase in the consumption of ham, sausages and bacon, as well as pork belly, shoulder loin and ham. The number of delicatessens in South Korea increased from 4,818 in 2014 to 13,251 in 2019. These stores sell authentic European-style processed meats to young South Korean consumers who are keen to buy the products they tried during their holidays overseas.

South Korea has a very strong national culture, one that has been resistant to international influences over the years. For this reason, foreign brands have not managed to largely infiltrate the market. The biggest competitors in South Korea will always be the largest Korean firms. Despite this fact, 61 per cent of South Koreans believe international products are more widely available. South Koreans are quality-orientated, prefer premium products and services and enjoy dining out. When South Koreans buy food, they look for health and nutritional value, superior taste, environmental-friendliness, all natural ingredients, organic, non-GMO, sustainably produced, hormone-free and locally manufactured products.

Overall, pork consumption volume was up for 2022 with the removal of pandemic-related restrictions in South Korea's restaurant sector. The average amount of pork purchased by restaurants increased 1.4 per cent during the third quarter (July-Sept.) of 2022, compared to the same period in 2021. Although this figure was modest, it signals restaurant owners anticipate a return of clientele into their establishments.

Current market size and forecast 2024 to 2028

The retail sales value of pork in South Korea amounted to \$9.2 billion and 501,300 tonnes in volume in 2022. The numbers went up from \$8.9 billion and 479,500 tonnes respectively in 2018, an increase of 3.4 per cent and 4.5 per cent respectively.⁸ Inflation reached a 24-year high of six per cent in June 2022, due to rising food and energy prices. Therefore, South Koreans have become more price-sensitive, with 70 per cent of South Koreans concerned with the increased cost of everyday items as shown by an international survey.⁹

The South Korean market size reached 1,210,000 tonnes in 2023. It is expected to decrease in size to 1,181,000 tonnes by 2028, as shown in Table 1, due to the projected population decrease.

⁶ Statista.com

⁷ Pork Market in South Korea – July 2020 – British Chamber of Commerce in Korea

⁸ Statista.com

⁹ Euromonitor International Voice of the Consumer: Lifestyles Survey, fielded January-February 2023

Table 1. Market size and forecasted volume for the South Korean pork market

Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Pork Volume ('000 tonnes)	1,233	902	962	1,209	1,204	1,210	1,204	1,198	1,191	1,186	1,181

Source: Euromonitor - January 2024

The South Korean Pork Production and Trade Balance

The South Korean pork industry is developing toward an efficient and modernized sector. To cope with its high demand, the South Korean pork sector relies on imports and is currently one of the world's largest raw and processed pork importers, importing over half a million tons a year.¹⁰

The modernization of the sector is also taken place at the farm level. Small low-tech pork farms are disappearing while significant investments are made for the construction of new and larger facilities. As per 2020 data, there were about 5,000 pork farms in South Korea, less than the 8,000 in 2009, and far from the 24,000 that the country had in 2000.

In 2019, the country was ranked sixteenth in the world in pork production with a 1.2 per cent share of the global production.¹¹ In 2022, production of meat products was dominated by pork that reached 1,435,000 tonnes. Global price of pork increased by 36.1 per cent over the period 2017 to 2022.

As shown in Table 2, pork production in South Korea expanded by 155,000 tonnes over the period of 2017 to 2022 with a CAGR of 2.3 per cent over the period.

Table 2. Pork production in South Korea

Year	2017	2018	2019	2020	2021	2022
Production of Pig Meat ('000 tonnes)	1,280	1,329	1,364	1,403	1,407	1,435

Source: USDA (United States Department of Agriculture) January 2024

South Korea's total domestic swine supply has gradually declined since March 2022, due to increased feed costs. Given that inputs account for more than 60 per cent of hog production costs in South Korea, the increase in feed cost has caused a reduction in the inventory despite farm gate prices being higher in 2022 compared to 2021. Average swine feed prices increased 26 per cent over the last three years, ranging from 562 won/kg¹² in 2019 to 709 won/kg in 2022.¹³ Without relief in the currency exchange rate, feed prices are expected to continue their upward trajectory beyond 2023.

African Swine Fever (ASF) has posed significant challenges to South Korean pork production. ASF continues to be found along Korea's northern military border and has been detected in areas further south. South Korea recorded 80 positive heads of ASF in seven commercial farms in 2022. Depopulated farms along South Korea's northern military border have begun to restock their operations.

As per the Korea Rural Economic Institute, swine harvesting increased in 2022 compared to 2021 levels, due to increased piglet production during the second half of 2021. The increased 2022 harvesting augmented pork production totals for the year. However, cuts in South Korean sow numbers during the second half of 2022 caused a drop in pork production totals for 2023.

¹⁰ [South Korea, one of the largest consumers and pork importers \(rotecna.com\)](https://www.rotecta.com)

¹¹ <https://www.nationmaster.com/nmx/timeseries/philippines-pork-production>

¹² Won is the South Korean currency – 1 US dollar = 1,371.5 won (September 2022)

¹³ USDA – Foreign Agricultural Service

South Korean pork imports

In 2022, South Korea was among the top five pork importers, accounting for six per cent of the total global imports in value. That is the equivalent to \$2.8 billion.¹⁴ Imports of pork and pork products to South Korea have increased since 2019 with a CAGR of 4.7 per cent in the 2019-2023 period, indicating potential market opportunities for Manitoba pork suppliers.

While frozen pork accounts for most of South Korean pork and pork products, imports of pork salted in brine and fresh pork showed the largest growth between 2019 and 2023, with a CAGR of 20 and 18 per cent, respectively. See Table 3 and 4.

Table 3. The South Korean imports of pork and pork products in 2019-2023 (in Canadian dollars)

<i>Description</i>	<i>2019-2023</i> \$	<i>%</i>	<i>2019</i> \$	<i>2020</i> \$	<i>2021</i> \$	<i>2022</i> \$	<i>2023</i> \$	<i>CAGR</i>
Total	12,129,605,039	100.00%	2,281,421,336	1,989,689,016	2,301,074,892	2,819,911,176	2,737,508,619	4.66%
Frozen pork	10,375,555,116	85.54%	1,976,323,878	1,721,404,383	1,962,658,874	2,408,813,512	2,306,354,469	3.94%
Fresh pork	986,355,481	8.13%	145,142,603	136,328,495	191,300,937	233,796,542	279,786,904	17.83%
Edible offal of swine, frozen	240,169,451	1.98%	53,281,786	32,382,437	47,422,979	58,684,940	48,397,309	-2.38%
Pig fat	157,988,548	1.30%	29,432,169	23,436,265	26,938,534	43,198,495	34,983,085	4.41%
Prepared or preserved meat and offal of swine	190,879,367	1.57%	44,768,466	40,951,724	35,792,774	36,290,993	33,075,410	-7.29%
Bellies of swine, salted, in brine, dried or smoked	83,910,836	0.69%	15,041,729	15,612,187	18,602,752	18,957,653	15,696,515	1.07%
Pork, salted, in brine, dried or smoked	35,364,923	0.29%	3,945,273	6,599,795	7,857,292	8,775,882	8,186,681	20.02%
Hams of swine and cuts thereof	36,797,429	0.30%	8,307,240	8,664,321	6,262,256	6,570,603	6,993,009	-4.21%
Raw hides and skins of swine	9,493,267	0.08%	1,972,064	1,990,434	1,964,553	1,924,158	1,642,058	-4.48%
Frozen hams with bone in	5,703,735	0.05%	1,974,482	736,865	298,345	1,249,906	1,444,137	-7.52%
Hams, salted, in brine, dried or smoked, with bone in	6,561,438	0.05%	1,050,582	1,455,180	1,767,259	1,490,321	798,096	-6.64%

Source: Global Trade Tracker January 2024

South Korea's imports of pork for processing dropped in 2021 compared to pre-pandemic volumes of 2019, due to high prices and abundant domestic supply. Nevertheless, in 2022, South Korea's Tariff-Rate Quota (TRQ) allocation for pork helped meat processors access lower-priced imported product intended for processing. Tenderloin and loins are used for producing pork cutlets and sweet and sour pork. Picnic and hams are for producing processed meat products, and collar butt, single rib belly, and ribs are targeted for household sales. Korea's pork TRQs allowed for greater-than-usual import volumes in 2022. Korea's initial 2022 pork TRQ allocation was 50,000 tonnes (zero duty). Out of these 50,000 tonnes, 10,000 tonnes were allocated for pork bellies. The government then provided an additional allocation of 20,000 tonnes of TRQ for pork bellies from July 20 to Dec. 31, 2022. With this addition, the total TRQ for pork increased to 70,000 tonnes for the year.

¹⁴ [Pork Imports by Country 2022 \(worldstopexports.com\)](https://www.worldstopexports.com)

Table 4. The South Korean imports of pork and other products from swine in 2019-2023 (in tonnes)

<i>Description</i>	<i>2019-2023 tonnes</i>	<i>%</i>	<i>2019 tonnes</i>	<i>2020 tonnes</i>	<i>2021 tonnes</i>	<i>2022 tonnes</i>	<i>2023 tonnes</i>
Total	2,631,044	100.00%	573,383	450,495	467,643	589,126	550,397
Frozen pork	2,302,833	87.53%	502,910	398,776	406,854	515,148	479,145
Fresh pork	127,189	4.83%	21,256	18,778	24,924	27,582	34,650
Edible offal of swine, frozen	81,542	3.10%	20,105	11,855	14,516	19,889	15,177
Pig fat	71,622	2.72%	16,593	10,226	12,858	18,408	13,537
Prepared or preserved meat and offal of swine	21,568	0.82%	6,345	5,266	3,825	3,093	3,039
Raw hides and skins of swine	9,454	0.36%	2,433	1,862	1,396	1,852	1,910
Bellies of swine, salted, in brine, dried or smoked	8,383	0.32%	1,629	1,757	1,821	1,654	1,522
Hams of swine and cuts thereof	5,884	0.22%	1,442	1,536	1,102	924	881
Frozen hams with bone in	1,507	0.06%	513	246	106	328	315
Pork, salted, in brine, dried or smoked	854	0.03%	105	153	190	207	198
Hams, salted, in brine, dried or smoked, with bone in	149	0.01%	24	33	40	35	17

Source: Global Trade Tracker January 2024

On Sept. 2, 2022, South Korea recognized regionalization for ASF controls in European countries. While individual establishments in countries with ASF outbreaks still require approval, European suppliers will ultimately benefit from this new policy. The market re-entry of German pork, which had been banned from exporting pork to Korea since 2020 due to ASF, increased the competition among other European suppliers such as Spain, Austria and the Netherlands. Canada and the U.S. may face some increased future competition with Germany in single-rib belly exports.

During the period from 2019 to 2023, South Korea imported pork from 30 countries around the world. The U.S., Spain and Canada supplied 60 per cent of the nation's pork imports in value between 2019 and 2023 as shown in Table 5. Although Canada accounts for 9.5 per cent of global imports to South Korea, it showed a CAGR of over 20 per cent in the 2019 to 2023 period.

In 2023, Canada was the third top exporter of pork to South Korea (Table 5), with \$360.9 million in export value, or 13.2 per cent of the country's total import value. During the same year, Canada sold 75,290 tonnes of pork to South Korea (Table 6). A rebounding restaurant sector is expected to further the demand for imported product into 2024.

As shown in Table 7, Manitoba already has a foothold in this market. It is the top Canadian supplier of pork, accounting for 32.3 per cent of the Canadian exports in value to South Korea. Manitoba pork exports to South Korea showed a steady increase, with a CAGR of 24.6 per cent in the 2018 to 2022 period. Despite this encouraging CAGR figure, stiff competition from the U.S., Spain, and the Netherlands may present a challenge to capitalizing on the increased market potential that the South Korean pork market has shown in the last five years (Table 4).

Table 5. Top 10 global pork suppliers to South Korea in 2019-2023 (in Canadian dollars)

Country	Total 2019-2023	%	2019 (\$)	2020 (\$)	2021 (\$)	2022 (\$)	2023 (\$)	CAGR
World	12,129,605,038	100.00%	2,281,421,334	1,989,689,019	2,301,074,890	2,819,911,176	2,737,508,619	4.66%
U.S.	3,629,068,150	29.92%	758,849,699	663,189,486	649,682,238	749,356,892	807,989,835	1.58%
Spain	2,493,969,642	20.56%	368,692,716	282,077,067	509,961,424	720,767,710	612,470,725	13.53%
Canada	1,151,811,993	9.50%	173,813,582	164,279,852	183,724,014	269,089,630	360,904,915	20.04%
Chile	912,000,324	7.52%	155,436,193	151,323,621	177,553,456	219,708,680	207,978,374	7.55%
Germany	876,800,521	7.23%	461,688,550	394,100,719	15,356,853	164,713	5,489,686	-66.98%
Netherlands	846,463,693	6.98%	94,036,498	79,864,019	195,526,802	263,028,310	214,008,064	22.82%
Austria	653,570,209	5.39%	65,470,034	74,756,700	200,332,830	173,391,889	139,618,756	20.84%
Denmark	415,166,329	3.42%	51,896,943	45,677,605	147,493,223	105,656,241	64,442,317	5.56%
Mexico	262,596,503	2.16%	56,111,021	35,079,799	48,611,583	51,728,140	71,065,960	6.08%
France	245,558,973	2.02%	33,115,584	28,907,821	61,472,852	65,043,346	57,019,370	14.55%

Source: Global Trade Tracker January 2024

Table 6. Quantity of pork products imported by South Korea in 2019-2023 with top 10 suppliers (in tonnes)

Country	2019-2023 tonnes	%	2019 tonnes	2020 tonnes	2021 tonnes	2022 tonnes	2023 tonnes
World	2,631,044	100.00%	573,383	450,495	467,643	589,126	550,397
U.S.	880,525	33.47%	210,389	176,340	157,979	157,470	178,348
Spain	498,291	18.94%	84,927	52,864	90,352	155,193	114,955
Canada	273,951	10.41%	45,466	41,004	47,746	64,444	75,290
Germany	199,210	7.57%	112,480	82,967	2,833	22	907
Netherlands	158,355	6.02%	20,514	13,410	34,781	52,503	37,147
Chile	151,383	5.75%	30,766	27,147	27,298	33,818	32,354
Austria	112,263	4.27%	13,992	14,023	30,612	29,522	24,114
Denmark	92,567	3.52%	15,134	11,121	28,301	24,261	13,750
Mexico	52,145	1.98%	11,883	7,151	9,101	10,034	13,976
France	40,443	1.54%	6,999	4,876	9,666	10,150	8,752

Source: Global Trade Tracker December 2023

Table 7. Canadian pork exports to South Korea in 2018-2022 (Canadian dollars)

Province	Total 2018-2022	%	2018 (\$)	2019 (\$)	2020 (\$)	2021 (\$)	2022 (\$)	CAGR
Canada	1,151,811,993	100.00%	173,813,582	164,279,852	183,724,014	269,089,630	360,904,915	20.04%
Manitoba	302,963,538	26.30%	36,891,418	49,664,745	54,077,820	75,279,104	87,050,451	23.94%
Alberta	285,971,978	24.83%	59,932,508	56,724,508	60,343,511	46,927,698	62,043,753	0.87%
Quebec	214,712,668	18.64%	54,119,121	52,779,490	24,045,693	35,659,067	48,109,297	-2.90%
Ontario	66,630,148	5.78%	6,889,390	10,997,067	11,318,039	18,624,793	18,800,859	28.53%
British Columbia	5,048,716	0.44%	702,642	318,323	194,810	1,597,542	2,235,399	33.55%
Saskatchewan	358,017	0.03%	-	-	-	227,269	130,748	-42.47%
Nova Scotia	91,178	0.01%	40,600	50,578	-	-	-	24.58%

Source: Global Trade Tracker January 2024

South Korean pork exports

Globally, South Korea exported a total of 8,541 tonnes of pork and pork products, valued at \$49.1 million¹⁵ in 2023 (Table 8), mainly as prepared or preserved meats (Table 9). South Korea exported pork products mostly to 10 destinations in 2023, with the Philippines as the main destination in 2023, followed by Hong Kong (Table 8). The Philippines has more than double the value of imports from South Korea and with a CAGR of 94.1 per cent for the 2019 to 2023 period. The Philippines and South Korea negotiated a Free Trade Agreement in 2021 that was signed and ratified by the parties during 2023, remarking the importance and impact of such agreements.¹⁶

Table 8. Export destinations of pork meat from South Korea in 2019-2023 (in Canadian dollars)

Country	2019-2023 \$	%	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	CAGR
World	155,053,608	100.00%	8,065,108	24,866,409	37,697,076	35,284,445	49,140,570	57.11%
Hong Kong	45,110,172	29.09%	2,335,895	12,791,685	12,597,988	9,341,850	8,042,754	36.22%
Philippines	42,219,244	27.23%	1,602,191	2,083,634	6,206,063	9,566,274	22,761,082	94.14%
Malaysia	18,630,992	12.02%	588,271	3,011,439	6,024,750	3,586,865	5,419,667	74.22%
Viet-Nam	14,289,654	9.22%	1,415,926	2,889,875	3,972,344	3,079,075	2,932,434	19.96%
Taiwan	8,524,867	5.50%	163,122	602,192	2,766,087	2,309,388	2,684,078	101.41%
Japan	7,612,982	4.91%	18,957	80,657	2,108,347	2,593,288	2,811,733	248.98%
Singapore	4,477,920	2.89%	3,744	344,421	1,430,690	1,462,164	1,236,901	326.33%
Australia	3,488,717	2.25%	346,436	677,008	478,508	720,745	1,266,020	38.26%
China	2,883,564	1.86%	737,387	502,983	548,765	776,145	318,284	-18.94%
Mongolia	1,115,486	0.72%	81,462	179,723	165,918	477,721	210,662	26.81%

Source: Global Trade Tracker January 2024

¹⁵ Global Trade Tracker January 2024

¹⁶ PH-South Korea free trade agreement signed – Presidential Communications Office (pco.gov.ph)

Table 9. **Pork products exported from South Korea to the rest of the world in 2019-2023 (in Canadian Dollars)**

Country	2019-2023 \$	%	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	CAGR
Total	155,053,605.00	100.00%	8,065,107	24,866,409	37,697,080	35,284,442	49,140,567	57.11%
Prepared or preserved meat and offal of swine	109,971,487.00	70.92%	5,616,436	14,948,261	24,577,423	25,870,720	38,958,647	62.29%
Hams, prepared or preserved	24,982,416.00	16.11%	1,662,757	3,948,960	5,915,139	5,854,809	7,600,751	46.22%
Frozen pork	14,193,746.00	9.15%	352,089	4,117,840	5,484,659	1,935,713	2,303,445	59.93%
Fresh or chilled pork	1,709,138.00	1.10%	101,138	171,731	549,006	751,556	135,707	7.63%
Edible offal of swine, frozen	1,257,846.00	0.81%	58,472	683,520	218,648	296,603	603	68.13%
Pork, salted, in brine, dried or smoked	1,159,677.00	0.75%	178,835	442,541	532,442	1,975	3,884	61.61%
Frozen hams	745,258.00	0.48%	22,409	420,423	183,447	112,413	6,566	26.43%
Frozen edible livers of swine	464,613.00	0.30%	-	-	74,740	327,792	62,081	-8.86%
Frozen carcasses	242,783.00	0.16%	54,947	91,634	71,401	24,801	-	23.29%
prepared or preserved shoulders and cuts thereof, of swine	180,983.00	0.12%	510	1,279	87,691	89,841	1,662	34.36%

Source: Global Trade Tracker January 2024

Balance between imports and exports

South Korea is currently a net importer of pork as pork exports are negligible compared to imports. Exports can be attributed to processed meats sold to countries with an important Korean diaspora that wants food with a homemade flavor.

Supply Chain Dynamics

South Korea has a very advanced and modern infrastructure. It is among the top 10 countries in the world in terms of most developed transport and energy infrastructure. During the last two decades, the government of South Korea spent more than \$450 billion dollars on airports, roads and power-generation facilities.¹⁷

South Korea has over 64,808 kilometers of paved roads, including 1,996 kilometers of expressways, and 22,182 kilometers (13,784 miles) of unpaved roads. There are several major north-south and east-west highways. Land transportation also includes regular train and bus services around the country. The railways consist of 6,240 kilometers (3,878 miles) of standard gauge tracks, of which 525 kilometers (326 miles) are electrified.

South Korea's air transportation system is served by over 100 airports, of which 67 have paved runways. Major international airports are in Seoul, Pusan, and on Cheju Island.

South Korea's sea transportation network includes various ports and harbors, the most important of which are in Chinhae, Incheon, Kunsan, Masan, Mokpo, Pohang, Pusan, Tonghaehang, Ulsan, and Yosu. To meet the needs of its growing economy, the South Korean government is planning billions of dollars' worth of port/harbor expansion projects.

South Korea has a growing power-generation system that provides electricity for private and commercial needs.

The South Korean telecommunications system is among the best, the most modern, and the fastest growing in the world.

¹⁷ nationsencyclopedia.com - South Korea

Distribution Channels

Figure 1. Distribution structure for imported primary pork in the South Korean market.

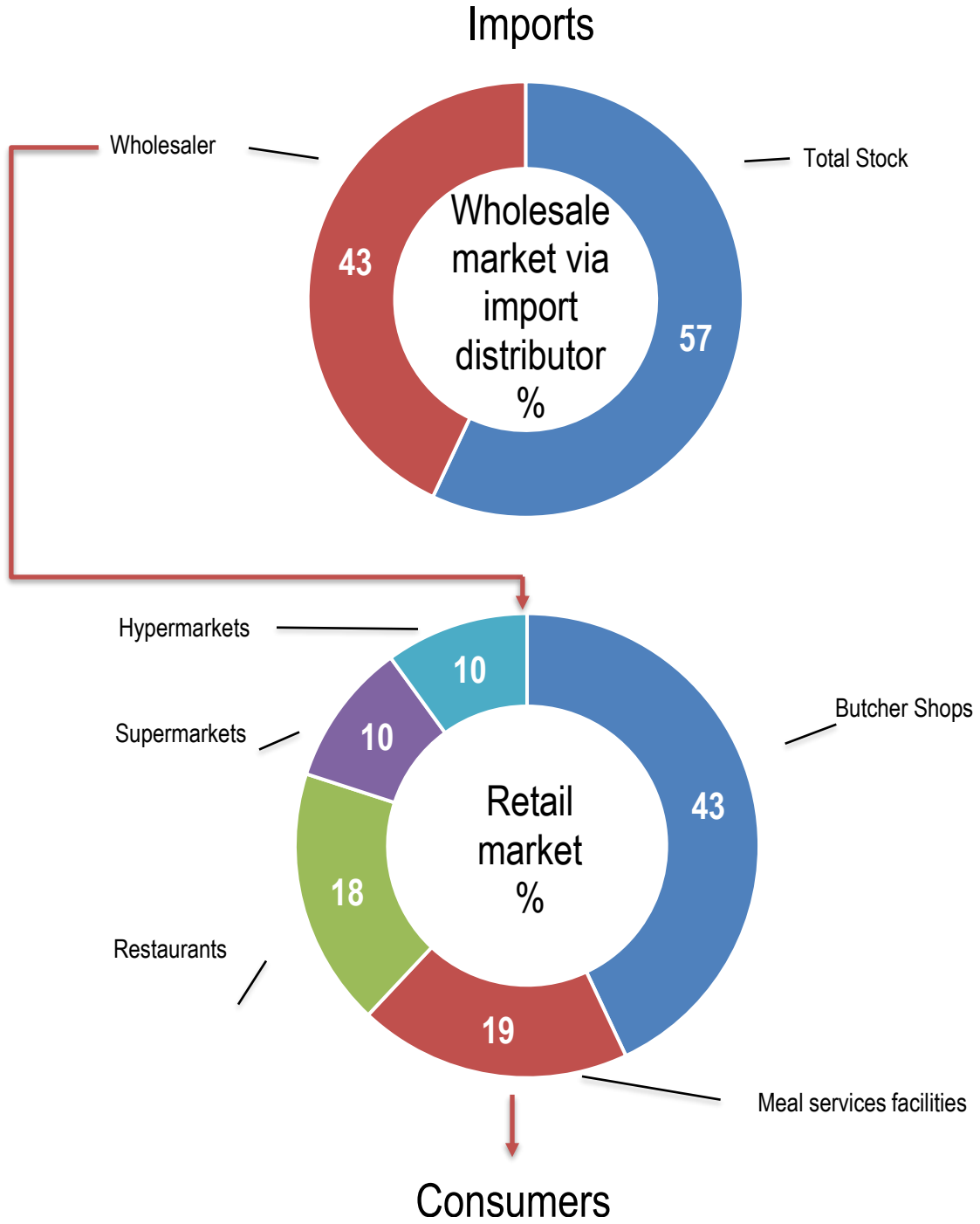


Figure 1 shows the structure of the imported primary pork market in South Korea, with the corresponding distributed percentages.¹⁸ Most meat products are imported into Korea through local import distributors. Most imports are then distributed through wholesalers, which sell to retailers. Although uncommon, there are cases of food manufacturers directly importing from local distributors.

Hypermarkets are the most used distribution channels for processed meat with 40 per cent, followed by supermarket chains and independent supermarkets with 21 and 16 per cent respectively. Only 25 per cent of all imported ham and sausages is sold to food service companies for use in pizzas, hotdogs or hamburger franchises.¹⁹

Potential importers could be divided under two categories: import distributors and import manufacturers. There are six major potential import distributors in South Korea. **Ara Company Ltd.** imports fresh frozen pork only because it believes that consumer tastes are too changeable. **Costco Korea** imports bacon and ham from the U.S., and ham and sausages from the U.S., Spain and Italy. The other four are : **Gowoo International, Inc.**, **Highland Foods Co. Ltd.**, That imports pork from a variety of countries and jamón from Spain, **Korea Tourist Supply Centre** and **S Food import**.

There are seven major import manufacturers. **CJ Cheil Jedang Corporation** imports pork shoulders that are used for manufacturing tinned ham and processed foods, and pork belly to produce bacon. **Daesang** imports pork to manufacture the company's principal processed meat brands 'Chungjungone,' and 'Anjuya.' **Dongwon F&B Co. Ltd.** imports bacon to manufacture a small number of products. **Jinju Ham Co. Ltd.** imports ham to manufacture processed meat products. **Lotte Foods** mainly imports pork shoulders and pork bellies. **Nongshim Co. Ltd.** imports canned ham and supplies it to food service companies and restaurants. **Sajo Oyang** imports meat from the U.S. and EU countries, such as Spain and Germany.

Table 10. Top-10 brands in South Korea (retail share percentage)

Company name	2018	2019	2020	2021	2022
CJ Corp	18.9	19.8	19.5	19.5	20.1
Hormel Foods Corp	13.7	14	13.9	13.5	12.9
Lotte Group	14.4	13.1	12.6	12.2	11.7
Dongwon Group	10.7	10.4	10.2	9.8	9.4
Daesang Corp	7.8	6.7	6.7	6.8	6.7
Harim Co Ltd	5.9	6.4	6	5.7	5.6
Moguchon Corp	5.2	5.3	5.2	5.1	4.9
Sajo Industrial Co Ltd	3.6	3.6	3.5	3.3	3.2
Jinju Ham Co Ltd	1.5	1	0.9	0.9	0.8
Sajohaepyo Corp	0.1	0.1	0.1	0.1	0.1

¹⁸ Korea Livestock Economic Institute (based on 2019 year information)

¹⁹ Korea Agro-Fisheries & Food Trade Corporation

Canada-South Korea Trade Relationship Implications

In 2023, Canada and South Korea celebrated the 60th anniversary of the establishment of diplomatic relations.

The Canada-Korea Free Trade Agreement (CKFTA) is Canada's first bilateral Free Trade Agreement (FTA) in the Asia-Pacific region and began on January 1, 2015. The CKFTA provides Canadian exporters with preferential access to South Korea. South Korea is Canada's seventh largest trading partner, and Canada-Korea two-way merchandise trade reached \$21.9 billion in 2022.

As a result of the CKFTA, tariffs are reduced on January 1st of each year until remaining duties are eliminated. Upon full implementation of the CKFTA on January 1, 2032, Korean tariffs will be eliminated on 99.75% of Canada's exports and will increase market access opportunities across all sectors. To benefit from tariff preferences in Korea, Canadian exporters must ensure goods meet applicable rules of origin. The importer must have a valid certificate of origin in her or his possession at the time of importation.

Prior to the entry into force of the CKFTA in 2015, Korean duties on Canadian exports of pork products were on average 21%, with tariff peaks of 30%. Korea will eliminate all tariffs and safeguard duties on pork products by 2028.

Since the CKFTA entered into force in 2015, Canada's exports of pork and pork products have quadrupled as they benefited from tariff reductions of more than 16 per cent between 2015 and 2023. Korean duties on Canadian exports of pork products were on average 21%, with tariff peaks of 30%. Tariffs were eliminated gradually over this period. For example, tariffs were eliminated in 2015 for pork fats and oils, swine embryos, purebred live swine. In 2019, duties were eliminated for pork offal; and in 2020 on processed and prepared pork. Tariffs and duties will be eliminated for fresh, chilled and frozen pork cuts by 2028.

The CKFTA provides market access opportunities for Canadian exports of pork and pork products and places them on a level playing field with their competitors, including the U.S., the European Union, and the ASEAN countries that, until that time, had preferential access due to the South Korea-U.S., South Korea-EU and South Korea-Philippines Free Trade Agreement.

Market Access Regulations

South Korea ranked fifth out of 190 countries and dependencies in the *World Bank's Ease of Doing Business 2020* report, behind New Zealand, Singapore, the Hong Kong SAR and Denmark, and just ahead of the U.S.²⁰ Strengths of the South Korean economy include its strong legal framework (particularly for contract enforcement and insolvency resolution) and straightforward access to electricity and construction permits.

Prepared pork products must be derived from animals born or raised in Canada for at least three months before slaughter in order to be eligible to be imported into South Korea. Sausages produced using casings imported from a third country are ineligible.

Slaughterhouses, processing plants and storages must first be designated by the Canadian government²¹ as being eligible for producing pork for export to Korea. The names and locations of these establishments are notified to the Korean government in advance to approve through on-site inspections or other means.

Operators of establishments, where eligible and non-eligible products are handled, must develop, implement and maintain control programs to ensure that non-eligible products can be distinguished from those that are eligible through

²⁰ The World Bank has paused updates on the *Ease of Doing Business* report as of 2021 due to data irregularities.

²¹ Canadian Food Inspection Agency

receiving, processing, shipping and distribution. The control programs must be reviewed and be acceptable to the inspector in charge and must include monitoring, verification and recordkeeping activities, deviation procedures and be auditable and effective.

Key contact organizations

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Phone: (82 2) 3783 6000
Website: <https://www.tradecommissioner.gc.ca/korea-republic-coreee-republique>

South Korea Ministry of Food and Drug Safety

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Phone: (82 4) 3719 1564
Website: <https://www.mfds.go.kr>
E-mail: apec-ahc@korea.kr

Canadian Food Inspection Agency

3533 Carling Ave
Ottawa ON K1Y 4K7
Canada
Phone: 1-800-442-2342
Website: <https://inspection.canada.ca/>

List of Importers

Ara Company Ltd.

araco.co.kr/eng

Costco Korea

costco.co.kr

Gowoo International, Inc.

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

Highland Foods Co. Ltd.

eng.highlandfoods.co.kr/

Korea Tourist Supply Centre

kts.co.kr

S Food

s-food.co.kr

CJ Cheil Jedang Corporation

cj.co.kr/en/index

Daesang

chungjungone.com

Dongwon F&B Co. Ltd.

dongwonfnb.com/services/EN/index

Jinju Ham Co. Ltd.

jinjuham.co.kr

Lotte Foods

lotteham.co.kr

Nongshim Co. Ltd.

nongshim.com

Sajo Oyang

sajo.co.kr/eng

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www.statista.com

www.tateatlas.com

www.trademap.org

www.agr.gc.ca/eng

www.nationsencyclopedia.com

www.nationmaster.com

www.tasteatlas.com

www.canada.ca/eng

www.worldstopsexports.com

www.rotecna.com

www.inflation.eu

Others:

Catsnet

Euromonitor

Global Trade Tracker

World Trade Organization

Office of the United States Trade Representative

USDA (United States Department of Agriculture)

Korea Livestock Economic Institute

Korea Agro-Fisheries & Food Trade Corporation

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Available in alternate formats upon request.