MARKET OPPORTUNITY KOREA

Organic Food & Beverage

OVERVIEW

- Korea is Asia's second largest organic food market and it continues to demonstrate high growth potential.
- Korea's Strategy for Green Growth has made the organic food industry a key sector for business activity.
- The size of Korea's organic food market is €338 million at present, this is expected to reach €447 million by 2025.
- Under the EU-Korea equivalence arrangement (2015), companies carrying the EU organic certification label are recognised as "certified organic" in Korea. Ref. EC No. 834/2007 for organic processed food requirements and EC No. 889/2008 for labelling.
- The Special Act on Imported Food Safety Management has increased demand for imported organic food.

EU organic label Recognised in Korea

Korea's organic certification label

Business Opportunities for EU companies:

1.	Offering reasonably priced organic food and beverages. Products currently in the market cost twice as much as non-organic food. Market studies show consumers are willing to pay 1.4-1.5x more for organic options.
2.	Offering organic "masstige" (mass + prestige) products, e.g. premium-labelled chocolate and wines, etc.
3.	Offering organic processed food and/or organic ingredients (e.g. food materials such as dairy powders, flour, cereals, among others), where ingredients must are of EU origin or imported into the EU.
4.	Offering organic food targeted at children and babies.
5.	Offering organic beverages, including wine, spirits and beer.
6.	That are open to other forms of partnership and collaboration with Korean companies, institutions and retailers in the organic sector (e.g. investment opportunities, research & development, etc).

Sector Characteristics

- 60 to 70% of Korea's total food needs is imported.
- 75% of ingredients used for organic food processing is imported.
- High interest and demand for organic food at the consumer level, driven by increased buying power and high living standards.
- Growth in popularity of mass-produced, relatively inexpensive goods marketed as prestigious or luxurious ("masstige" products).
- Growing number of stores specialising in organic products.
- Reinvigorated growth in the organic sector predicted from 2015 as measures from the 5-Year Development Plan gain traction.
- The value of imported organic products have increased between 2012 and 2016 at a compound annual growth rate (CAGR) of 11.9%.
- Cooperation with major retailers has proven to be an effective approach in penetrating the organic market.

Funded by the European Union

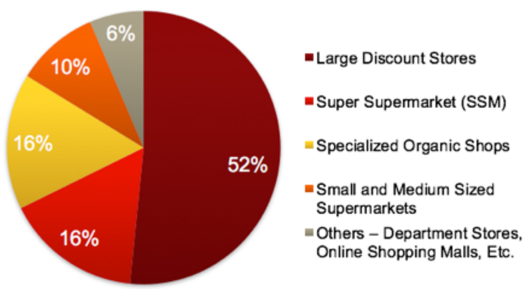
MARKET OPPORTUNITY KOREA

Organic Food & Beverage

EU GATEWAY TO KOREA

ORGANIC FOOD & BEVERAGE

Major Consumption Channels of Organic Food



Key Players

Retail

emart	First and largest discount retailer in Korea. 155 stores in country as of November 2015. Owner of a private brand (Jayunjuui) that sells organic products.
하나로마트	[NACF Hanaro Mart] A major retailer operated by the National Agricultural Cooperative Federation. Found mostly in outskirts and rural areas. Imported organic ingredients are not treated, but imported processed organic products can be sold.
초록마을	[Choroc Maeul] An exclusively organic food retailer. 430 offline stores and an online store.
한살림	[Hansalim] Exclusively organic food and household goods consumer cooperative. Over 410,000 members from rural and urban areas across the country.
coupang	[Coupang] Korea's leader in e-commerce. An important distribution channel for accessible organic products.

Organic Food Processing

Pulmuone	Owns "Orga", a leading food and bio-based company with a growing line of organic processed food that is expanding its international market.
CJ CHEILJEDANG	Subsidiary of the CJ Group. A leading food and bio-based company with a growing line of organic processed food that is expanding its international market.
maeil	Maeil Dairy Industry Ltd is a leader in the Korean dairy industry, with a line of own-brand products recognised overseas. Dairies represent a high percentage of organic sales.

Key Organic Processed Food Imports (weight based)

1.	Processed fruit and vegetables
2.	Processed sugar products
3.	Brown sugar
4.	Tea
5.	Fruit and vegetable beverages
6.	Flour
7.	Syrups
8.	Milk/dairy powder
9.	Processed soy products
10.	Coffee

Korea's Organic Market Share (Unit: Million €)			CAGR (%) (2017-2025)
2017	2018(E)	2025(E)	
338	335	447	3.6

eu-gateway.eu

Funded by the European Union