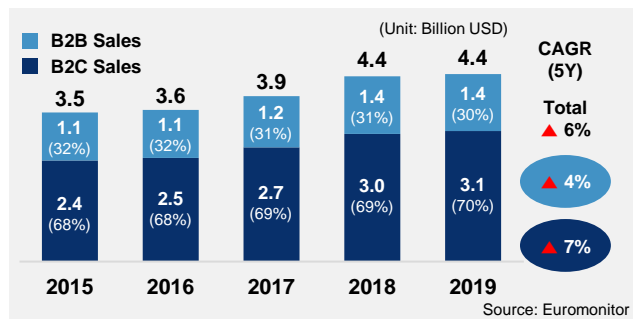




Growth in e-commerce and meal delivery services have opened new sales channels for soft drinks.



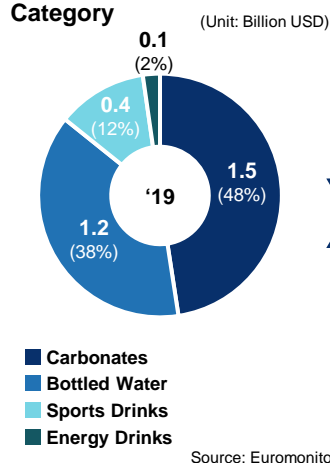
- Business to consumer (B2C) sales are quickly growing with increased e-commerce channels.

- Business to business (B2B) sales are also on the rise with the expansion of the food delivery market.

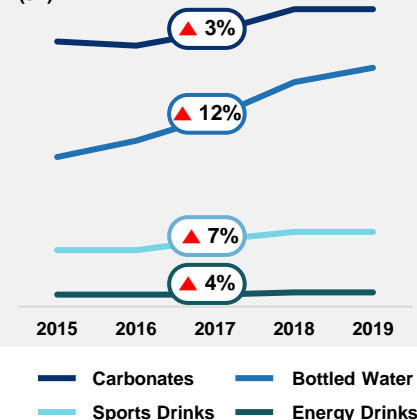
\* The chart on the left does not include coffee, tea and juice (those are covered in other briefs)

Health trends are boosting sales of carbonated water and bottled water at the expense of sugary drinks.

### Market Share by Category



### CAGR (5Y)

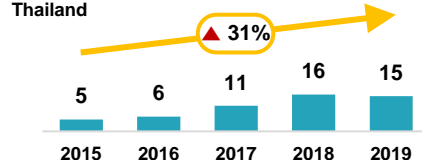
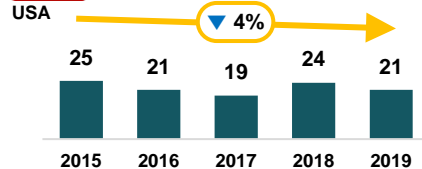
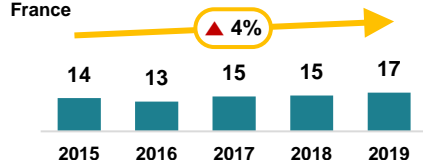
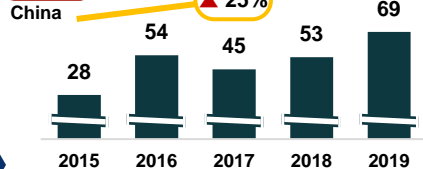
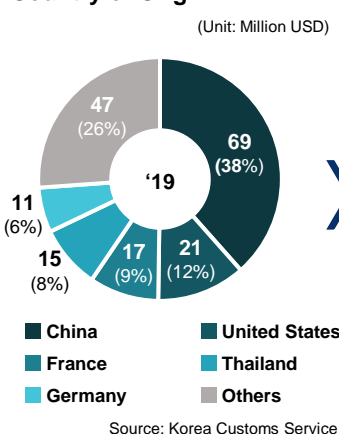


- The carbonates sector is increasing sales because of the food delivery market's expansion. Similarly, bottled water is rapidly growing due to the convenience of online shopping and delivery.

- Sports drinks consumption is increasing as more consumers are leading active lifestyles. Energy drinks remain popular.

The United States has a 12 percent import market share, second to China. Most U.S. non-alcoholic beverage exports to Korea are fruit juices.

### Market Share by Country of Origin



# Consumer Trends

## Health Trends Influencing the Carbonated Drink Market

The beverage market, including bottled water, grew from \$4.33 billion in 2016 to \$4.67 billion in 2018. According to a Korea Agro-Fisheries & Food Trade Corporation (aT) report, carbonated water products account for 22% of the market. According to aT, carbonated water products will likely continue to gain market share due to consumer health trends.

According to a large survey conducted by aT in April 2018-April 2019, consumers are concerned about sugar consumption and related health risks. Beverage producers have responded to consumer concerns by launching low-sugar, low-calorie products.

The aT survey found that consumer expectations for beverages are that they have a good and refreshing taste, a pleasant aroma, and digestive benefits.

## Expanding Bottled Water Market

The bottled water market has grown from \$626.1 million in 2016 to \$708.5 million in 2018, accounting for about 15.2% of the soft drinks retail market. Convenience stores and discount stores are the major distribution channels, accounting for 27.4% and 25.4% of sales respectively. Consumers frequently purchase small quantities of bottled water rather than large quantities at once.

According to an aT report, consumers prefer to purchase smaller sized products that can be consumed quickly once opened. The report explains that this preference is due to the increasing awareness that bacteria grows after opening and consuming bottled water. Beverage producers are launching 300ml and 200ml sized water bottles, allowing people to easily carry and drink water when on the move. The number of consumers drinking bottled water is expected to increase due to health trends.

## Convenience Stores are Main Beverage Sales Channel

Most beverages, including carbonated drinks, bottled water, sports drinks, and energy drinks are sold via convenience stores. Convenience stores' market share for beverages has increased from 44.1% in 2016 to 48.2% in 2018. At the same time, the portion of beverage sales in other distribution channels has declined. Beverages are consumed immediately after purchase, so consumption is centered on convenience stores with high accessibility. In particular, soda sales at convenience stores around schools increased as soda sales were banned in schools.

# Regulatory Overview

*\*\*Disclaimer: This overview is not a comprehensive guide, and regulations can frequently change. Exporters should verify requirements with their importers before goods are shipped.*



## Tariffs & Taxes

Korea applies import duties on U.S. soft drinks as shown below. Please refer to the [Agricultural Tariff Tracker](#) and [Customs Law Information Portal](#) for details.

Soft Drinks	HS code	2020	2021	2022	2023
• Mineral waters and aerated waters, flavored waters, non-alcoholic beverages – other	220110	0.0%	0.0%	0.0%	0.0%
	220210				
	2202909000				
• Non-alcoholic beer	220291	0.0%	The tariff rate for the year can be checked after January 1		
• Beverage of fruit juice	2202902000	0.8%	0.0%	0.0%	0.0%

Source: <https://apps.fas.usda.gov/agtarifftracker/Home/Search>, <https://unipass.customs.go.kr/clip/index.do>

## A Pre-Registration and Required Certification for Import to Korea

<b>Product Registration</b> No product registration is required to import U.S. soft drinks into Korea.	<b>Facility Registration</b> Either a foreign facility or an importer may apply for registration through the MFDS website.	<b>Certificate of Origin</b> The certificate of origin must be prepared for origin verification. Documentation must be kept for five years.
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For details, please refer to [FAIRS Country Report](#), [FAIRS Export Certificate Report](#)

## B Labeling Requirements

All imported U.S. products are required to carry legible Korean language labels. Label stickers or tags may be placed upon arrival in Korea. Labels should not be easily removed or cover the original label such as product name or expiration date.

<b>Korean Language Labeling</b> <ul style="list-style-type: none"><li>• Product Name</li><li>• Product type</li><li>• Country of origin</li><li>• Ingredient names and content</li><li>• Manufacture date</li></ul>	<b>Consideration for Labeling</b> <ul style="list-style-type: none"><li>• Additives (artificial coloring substances)</li><li>• Allergens</li></ul>
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## C Import Inspection

<b>Laboratory Test</b> All newly imported products undergo laboratory tests.	<b>Document Review</b> Subsequent shipments of the same product that passed the first lab test undergo document reviews.	<b>Random Sampling Test</b> Samples are selected randomly depending on violation history or market intelligence.
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For details, please refer to [FAIRS Country Report](#), [FAIRS Export Certificate Report](#)

## Regulatory Overview

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### Korean Food Safety & Additive Standards

For Korean food safety and additive standards, please refer to the following links.

[Food Additive Code](#)

[Food Ingredient Database](#)

### Frequently Asked Questions

#### **FAQ #1: Is labeling the 100% ingredient breakdown required for import?**

The Korean government does not require 100% ingredient composition breakdown information on the import application for imported processed food products entering Korea. What is required is the percentage breakdown of major ingredients and the percentages of food additives in the product in case Korea has tolerances established on the additives. For food additives used in composite ingredients, the supplier may need to submit detailed information to verify if the product meets the Korean food additive standards.

#### **FAQ #2: Are there any requirements on exporters when making a Certification of Origin?**

Yes, if you are qualified for the FTA. Article 6.17.1 of KORUS FTA requires specific records to be kept for a minimum of five years if a certification from a producer or exporter forms the basis of a claim. We encourage you to look at these provisions. There are also obligations of exporters provided under Article 6.20. Questions about these provisions can be e-mailed to KORUS@ustr.eop.gov or at fta@dhs.gov.

#### **FAQ #3: Are there any documents required for Halal, GMP, or vegan products?**

Yes. In order to apply a mark or claim to packaging, exporters and importers should keep supporting documents for their marketing claims. MFDS does not check supporting documents when products arrive in Korea but MFDS has a right to request supporting documents if necessary. Supporting documents should be issued by reliable and credible organizations.

#### **FAQ #4: What are the roles and responsibilities of importers?**

Korean importers are responsible for claiming preferential treatment for qualifying goods. However, the exporter or producer may be asked by the importer, customs broker, or the Korean Customs Service to provide a written or electronic certification or other information to support the importer's claim. The information required for certification can be found in Article 6.15.2 of the KORUS FTA, but additional elements may be required by the Korean Customs Service. You should contact your importer or customs broker to confirm what information is required.

#### **USDA GAIN Report Link**

[Facility Registration](#)

[MRL](#)

[Exporter Guide](#)

#### **FAIRS Reports**

[FAIRS Country Report](#)

[FAIRS Export Certificate Report](#)

#### **ATO Seoul - Regulation**

[ATO Seoul Regulation](#)

