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GAIN Report

Global Agricultural Information Network

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Wine Market Report

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Report Highlights:

Despite the challenging economic environment, Korea's wine imports in 2017 totaled a record high \$210 million, up 10 percent from 2016. The United States remained the fourth largest supplier of wine to Korea by shipping \$25 million, up 14 percent. While American wine faces elevated competition against products from export-oriented competitors, American wine should remain one of the top choices of Korean wine consumers as it is firmly positioned in the market for its unique quality and value.

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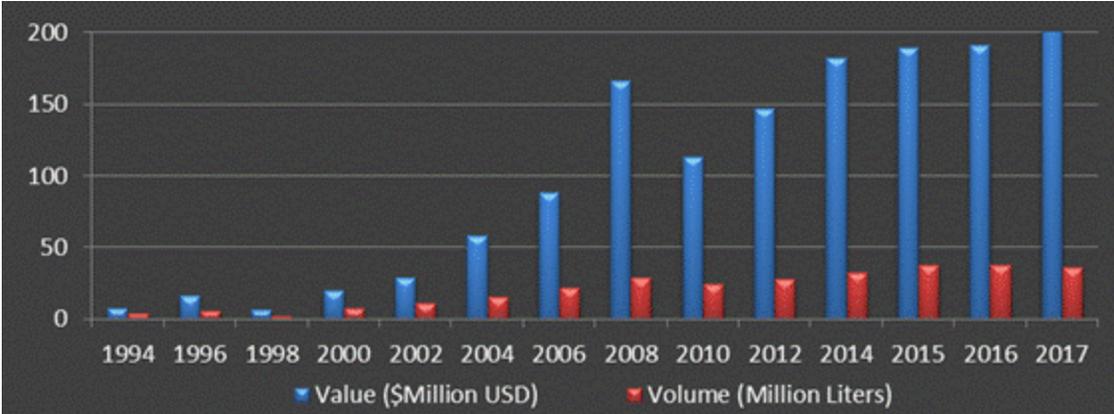
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SECTION I: MARKET OVERVIEW

- South Korea’s (herein after referred to Korea) wine imports from all countries totaled a record high \$210 million in 2017, up 10 percent from 2016. Despite the challenging economic environment, Korea’s wine imports during the last three years marked 5 percent annual growth on average. Korea’s wine imports are likely to continue steady growth in the coming years as more Korean consumers opt for wine in their pursuit for healthy and trendy lifestyles.
- On the other hand, the volume of wine imports has been on a downturn after peaking in 2015 and amounted to 36.5 million liters in 2017, down 3 percent from 2016. This was due to a decline in bulk wine imports by local alcohol beverage producers and more up-scaled wine consumption among consumers.

Figure 1: Korea’s Wine Imports from All Countries



Source: Korea Trade Information Service Database (KOTIS, CIF Value)

*Note: CIF is an export price inclusive of insurance and freight cost to an entry port in Korea.

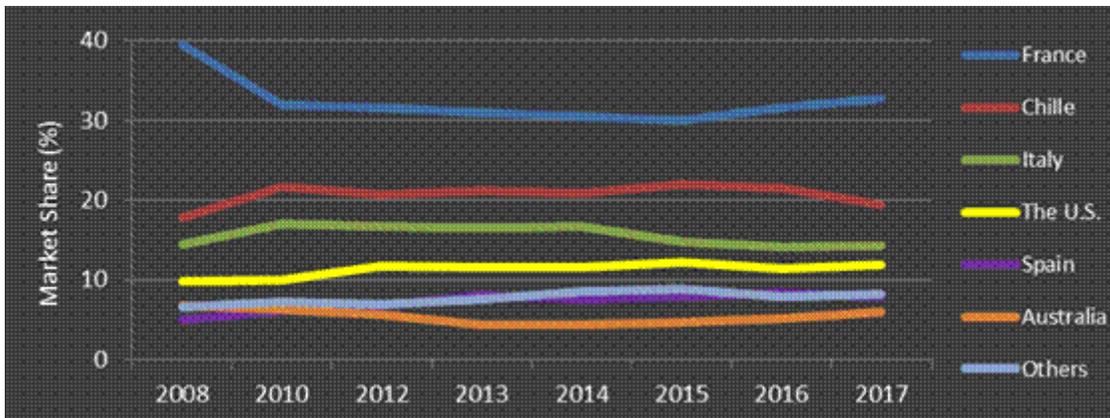
- The United States remained the fourth largest exporter of wine to Korea in 2017 by shipping \$25 million, up 14 percent from 2016. American wine accounted for 12 percent of total imports. The strong presence of American wine in large-scale hypermarket grocery stores coupled with elimination of import duties (15 percent) under the Korea-United States Free Trade Agreement (KORUS FTA, implemented in 2012) has been the key momentum behind the solid success of American wine in Korea.
- However, American wine faces elevated competition in Korea against both quality-imaged suppliers (France, Italy) and value-imaged suppliers (Chile, Australia, Spain and Argentina). In addition, as Korean consumers welcome wines from more diverse origins, other competitors (New Zealand, Germany and South Africa in particular) are likely to expand their presence down the road. Competitors are export-oriented and maintain aggressive export promotions targeting Korea.
- Nevertheless, American wine should remain one of the top choices of Korean wine consumers as American wine is firmly positioned in the market with a brand image of unique quality and fair value. The firm socio-economic tie between Korea and the United States continues to help promote American brands and themes in Korea. In addition, diversified taste of Korean wine

consumers should expand export opportunities for American wine from wider origins, including the states of Washington and Oregon, in the coming years.

Table 1: Korea Wine Market Advantages & Challenges

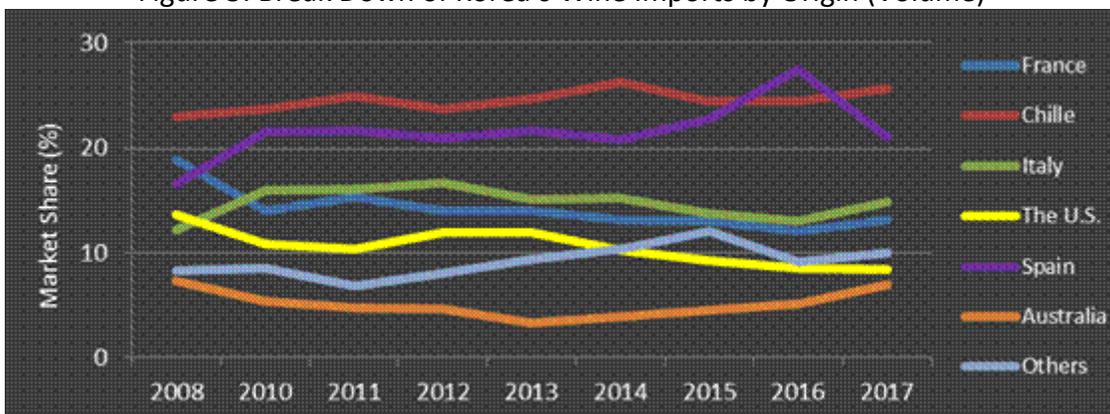
Advantages	Challenges
Korean consumers are highly concerned about their health. As a result, consumption of alcoholic beverages with less alcohol content is on an increase. In addition, health benefits of drinking red wine are highly publicized in the market.	Both Korean consumers and traders in general have limited knowledge of and experience with American wine. Many of them harbor an old idea that European producers, in particular France and Italy, offer better quality wine.
The wine market in Korea is still in its early stage of development. Considering the size of overall alcohol beverage consumption in the market, wine has solid growth potential down the road.	Competitors are export-oriented and deploy aggressive export promotions targeting Korea. Chile and Spain in particular present tough competition to American wine that target the value-oriented segment of the market.
Korean consumers maintain strong attention to international food trends, including food-wine pairing. Consumer tastes continue to evolve to generate demand for more diversified imported food and beverage products.	Retail price of imported wine in Korea is quite high due to high distribution cost and tight government regulations. As a result, wine is still recognized as a premium product among the general public, and is consumed by a limited population.
American wine is firmly positioned in the market, especially among young consumers, with a brand image of unique quality and fair value. Implementation of the KORUS FTA has strengthened the value proposition of American wine.	Korean importers expect to do business directly with foreign wineries. However, many American wineries rely on export middlemen for emerging markets, including Korea.
Local Korean wine producers present little competition to imported products. On the other hand, Korea imports a significant volume of bulk wine for local blending and bottling uses.	Imported wine is subject to complicated labeling and food safety standards in Korea, which change frequently with limited lead time.

Figure 2: Break Down of Korea's Wine Imports by Origin (Value)



Source: Korea Trade Information Service Database (KOTIS)

Figure 3: Break Down of Korea's Wine Imports by Origin (Volume)



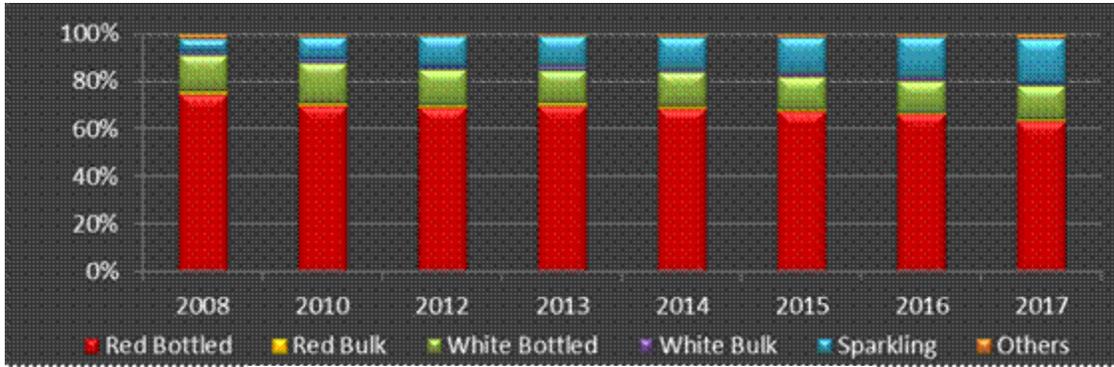
Source: Korea Trade Information Service Database (KOTIS)

SECTION II: MARKET SECTOR OPPORTUNITIES AND THREATS

1. MARKET COMPETITION

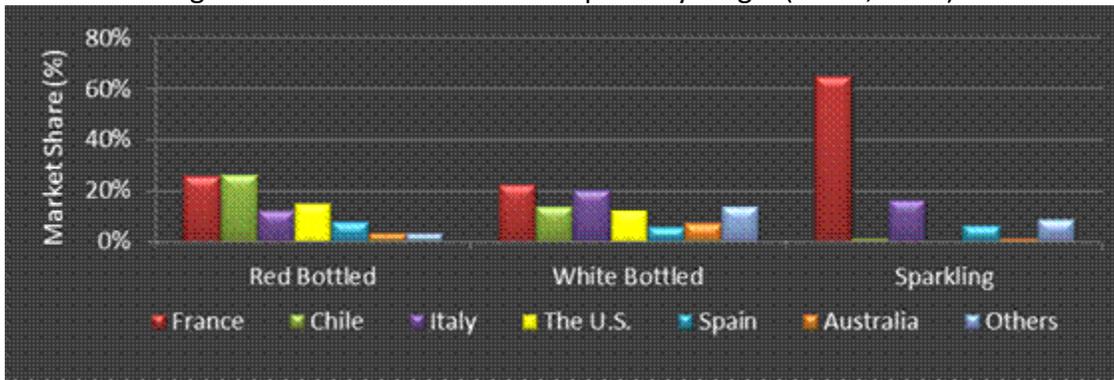
- Wine consumption in Korea has been skewed in favor of red wine due to highly publicized health benefits of drinking red wine among the general consumers. Red wine accounted for 64 percent of total wine imports in terms of value (or 66 percent in volume) in 2017. However, an increased number of local wine consumers are adopting the idea of food-wine pairing, and as a result white wine and sparkling wine are likely to gain additional market share in the coming years. In particular, sparkling wine has shown the most outstanding growth in recent years and accounted for 19 percent of total wine imports in terms of value in 2017 (compared to only 5.5 percent in 2008).

Figure 4: Breakdown of Korea's Wine Imports by Product Category (Value)



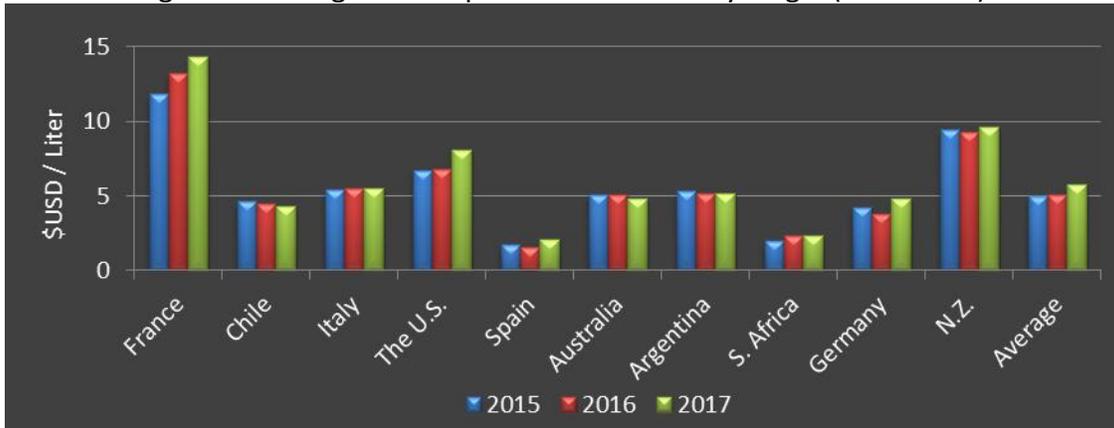
Source: Korea Trade Information Service Database (KOTIS)

Figure 5: Breakdown of Wine Imports by Origin (Value, 2017)



Source: Korea Trade Information Service Database (KOTIS)

Figure 6: Average Unit Import Price of Wine by Origin (CIF Value*)



Source: Korea Trade Information Service Database (KOTIS)

*Note: CIF is an export price inclusive of insurance and freight cost to an entry port in Korea.

- France: Many Koreans, both wine opinion leaders and consumers, harbor an idea that European countries, France in particular, are leading the international wine market for quality. As a result, France has remained the leading exporter of wine to Korea over the years. Wine imports from France amounted to \$69 million (4.8 million liters) in 2017, up 14 percent from 2016 (up 5 percent in volume). The Korea-EU Free Trade Agreement,

implemented in July 1, 2011, eliminated the 15 percent import duty on French (and other EU origin) wine. However, France has met tough competition in value-oriented segment of the market since mid-2000's and has shifted more of its focus to the premium segment of the market as indicated by the fact that the CIF import price of French wine continued a significant increase. The rapid growth of sparkling wine consumption is also generating new growth momentum for France.

- Chile: Wine imports from Chile totaled \$41 million (9.3 million liters) in 2017, down 1 percent from 2016 (volume grew 1 percent). The strong rise of Chilean wine in Korea started in 2005 as a result of the Korea-Chile Free Trade Agreement implemented in April 2004. The FTA advantage solely enjoyed by Chilean suppliers disappeared upon implementation of the Korea-EU FTA (July 2011) and the Korea-United States FTA (March 2012). However, Chile continues to present tough competition to other suppliers that target the value-oriented segment of the market.

Figure 7: Effect of FTA* on Chile's Wine Exports to Korea



Source: Korea Trade Information Service Database (KOTIS)

*Note: Korea-Chile FTA was implemented in 2004

- Italy: Wine imports from Italy amounted to \$30 million in 2017, up 11 percent from 2016. In terms of volume, Italy saw 10 percent growth to 5.4 million liters. Italian wine is likely to maintain solid growth in Korea in the coming years due to on-going popularity of Italian cuisine and related tourism themes among Korean consumers. Italy is also likely to gain from the expansion of white and sparkling wine consumption.
- Spain: Wine imports from Spain amounted to \$16 million in 2017, up 2 percent from 2016. On the other hand, volume imports marked 26 percent decline to 7.7 million liters mainly because of sharp decline in bulk wine shipments. A significant portion of Spanish wine imported into Korea has been bulk wine for local bottling or blending uses, not only for grape wine but more for a variety of local fruit wine such as Japanese apricot wine. Bulk wine accounted for 57 percent of Spanish wine shipments to Korea in 2016, which fell to 29 percent in 2017. Nevertheless, increased demand for value and diversified taste is likely to expand the market for Spanish wine in Korea in the coming years.
- Australia: Australian wine has marked an outstanding rebound in Korea since implementation of the Korea-Australia Free Trade Agreement in December 2014 coupled with continued

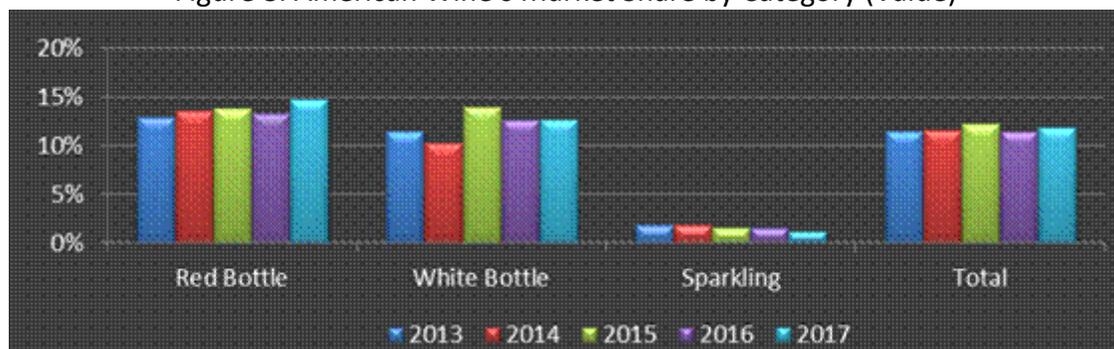
depreciation of the Australian dollar. Wine imports from Australia totaled \$12 million (2.5 million liters) in 2017, up 24 percent from 2016 (up 31 percent in volume).

- Other Competitors: Wine imports from all minor suppliers combined, including Argentina, South Africa, Germany and New Zealand, totaled \$17 million (3.6 million liters) in 2017, up 93 percent from 2016 (up 62 percent in volume). Argentina is emerging as an origin of good value red wine while New Zealand is emerging for premium white and red wine. Korean consumers' increased attention to products from more diverse origins is likely to increase the demand for wine from these emerging origins in the coming years.

2. THE UNITED STATES

- Korea's wine imports from the United States totaled \$25 million in 2017, up 14 percent from 2016. On the other hand, volume imports marked 5 percent decline to 3.1 million liters due to reduced bulk wine shipments.
- American wine accounted for 11.8 percent of Korea's total wine imports in terms of value in 2017, up 0.4 percent point from 2016. American wine's overall market share has held its position in the growing market since 2012 after implementation of the KORUS FTA. It is also notable that American wine has maintained balanced market share in both red and white wine categories. However, American wine lags far behind competitors in the sparkling wine category which is the fastest growing category in the market.

Figure 8: American Wine's Market Share by Category (Value)



Source: Korea Trade Information Service Database (KOTIS)

- American wine's solid success in Korea has been largely based on strong performance of products by large-scale American suppliers that target the value-oriented segment of the market. Rapid expansion of the large-scale hypermarket grocery store industry has provided a fitting venue and momentum for large-scale American suppliers to expand their market in Korea based on their consistent quality and targeted consumer promotion tools.
- American wine that targets the premium segment of the market has also enjoyed steady success in Korea over the years. Top tier Korean wine consumers are well traveled and are aware of many established high-end American wine brands particularly from Napa

valley. Products targeting the premium segment of the market are in general distributed through selected retail outlets such as luxury bars and premium department stores. Gift season is also an important window of sales for high-end bottles. However, the number of bottles allocated to the Korean market by most of the high-end American suppliers is very limited. Nevertheless, high-end American wine continues to make an important contribution in developing a quality image of the overall American wine industry.

- On the other hand, American wine that targets the mid-class segment of the market is facing tough competition from both old and new world competitors. The mid-class segment is the market that holds the key for building brand-loyal consumers and long-term financial success. Unfortunately, American wine has not been successful in retaining those consumers who started their early wine experience with low priced American wine in value-oriented segment and later traded up to higher quality bottles. Many of these trade-up consumers have found their ways to Chilean, Italian and French wine due to more diversified selections, better value, aggressive point-of-sales promotions, or stronger brand recognition. Marketers also point out that Korean wine consumers in general show higher price resistance to American wine in mid-class segment than to competitors' products because many of them have traveled to the United States and are aware of the going retail price of American wine.

3. LOCAL WINE PRODUCTION

- Grape wine production in Korea is expected to remain small as it lacks competitiveness in price and quality against imported wine. The high cost of farm land and labor, coupled with unfavorable weather condition, is the major obstacle that restricts development of large-scale wine industry in Korea. Currently, there is no *Vitis. vinifera* vine commercially cultivated in Korea. Most of local Korean wines available are either souvenir wines made in small quantities or blends from local table grapes and imported bulk wine.
- Instead of maintaining local vineyards, major Korean liquor companies have switched to either co-bottling in foreign wineries or importing bulk wine for local blending/bottling. Lotte Chilsung (www.wine.co.kr), Hite-Jinro (www.terrior.co.kr) and Gooksoondang L&B (www.ksdlb.com) are the major players that currently operate local bottling and/or co-bottling in foreign wineries. A total of 3.8 million liters of wine in bulk containers (products shipped in ten liter or larger size containers) were imported into Korea in 2017, most of which were reportedly for local blending/bottling uses. It is notable that a large portion of imported bulk white wine has been used for blending 'Japanese apricot wine' and other types of local fruit wine.
- There are some fruit wines produced in Korea from locally grown fruits, including Japanese apricot, Korean pear, persimmon and *Bok-boon-ja* (local berry fruit similar in appearance to raspberry). Local fruit wine in general has a sweet taste and easy drinking character (many of them are added with sugar and alcohol). The production of *Bok-boon-ja* wine has been on a rapid increase partly due to active regulatory and financial support by the local government. However, these local fruit wines present little direct competition to imported

wine. Rather they are likely to help the general public develop a taste for higher quality imported table wine.

4. ALCOHOLIC BEVERAGE MARKET

Table 2: Net Value of Alcohol Beverages Supplied in Korea (2016, Billion Won)

Product Category	Local Products	Imported Products	Sub-Total
Beer	1,975	193	2,169
Soju	1,697	1	1,697
Distilled Spirits	24	200	224
Rice Wine	470	18	487
Fruit Wine*	102	206	307
Others	140	42	181
<i>Total</i>	<i>4,407</i>	<i>659</i>	<i>5,066</i>

Table 3: Volume of Alcohol Beverages Supplied in Korea (2016, Million Liters)

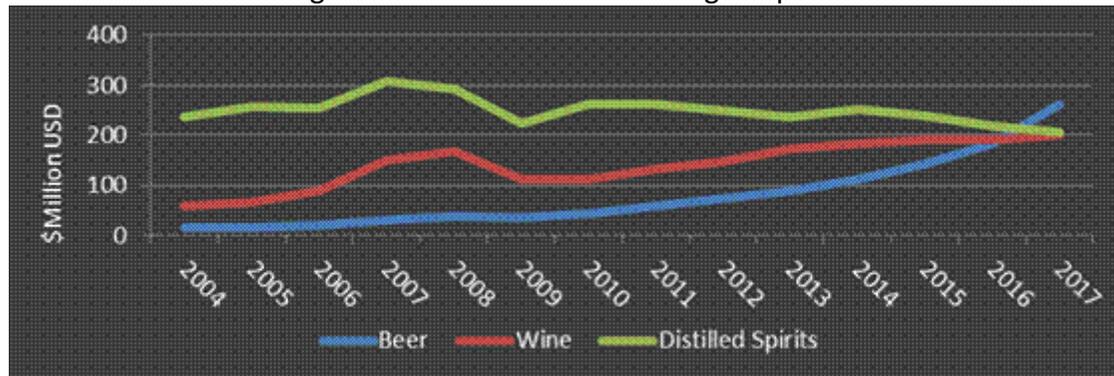
Product Category	Local Products	Imported Products	Sub-Total
Beer	1,979	221	2,199
Soju	933	0	934
Distilled Spirits	4	25	30
Rice Wine	418	4	423
Fruit Wine*	17	38	55
Others	31	22	53
<i>Total</i>	<i>3,383</i>	<i>311</i>	<i>3,694</i>

Source: Korea Wine & Spirits Importers Association (based on Korea Tax Service data)

*Note: Local products under Fruit Wine category includes all wine made from fruits. Imported fruit wine refers to grape wine only.

- Korea is one of the leading markets in the world for per-capita alcohol beverage consumption. Drinking is considered an important part of social life and is often encouraged at social and business occasions. Although drinking is decreasing among the elderly population for health concerns, the market is gaining new drinkers from the young and female population.
- The amount of alcohol beverages supplied in Korea totaled W5.1 trillion won (about \$4.6 billion, net value of products exclusive of liquor taxes) or 3.7 billion liters in 2016, down 1 percent and 2 percent from the previous year, respectively. Beer and soju (traditional Korean hard liquor distilled from sweet potato/tapioca/rice/other starch ingredients and then diluted to about 18 percent alcohol content) together accounted for 76 percent of the alcohol beverages supplied to the market in terms of value (or 85 percent in terms of volume).
- Increased health concerns among the general public is increasing the demand for products with less alcohol content such as wine and beer. Soju has shown a steady performance in recent years mainly backed by continued launchings of new products that contained less alcohol.

Figure 7: Korea's Alcohol Beverage Imports



Source: Korea Trade Information Service Database (Beer HS2203; Wine HS2204; Distilled Spirits HS2208)

- While local products dominate the market for beer and soju, imported products continue to lead the market for distilled spirits and fruit wine. While imports of distilled spirits are stagnating mainly due to increased health concerns, Korean consumers' strong demand for diversified taste is likely to generate additional imports for wine, beer and sake (rice wine) in the coming years.

5. MARKET ENTRY STRATEGY

- By law, only licensed importers are allowed to import alcohol beverages, including wine. There is no ceiling on the number of licenses issued, so any qualified candidate can obtain a liquor import license. Currently there are over 500 licensed liquor importers, but marketers estimate that about 50 of them currently maintain an active business. Moreover, a dozen leading importers account for over 70 percent of total imports. Importers are allowed to sell directly to wholesalers, retailers (restaurants and liquor stores), and individual consumers (through the importer's own wine shops only). However, importers are not allowed to purchase from other importers or from wholesalers. A few of the leading importers operate wholesale businesses and retail wine shops under separate wholesale and retail licenses, a tactic to maintain greater control of the distribution channel.
- Mainly due to the on-going economic downturn, Korean alcohol beverage importers in general currently maintain a very conservative stance when it comes to launching new products. The importers may not react to new product offers from foreign suppliers unless the product in question indicates strong market potential particularly in terms of: international acclaims earned by the product (awards, critics' favorable evaluations, etc.); value-quality proposition in comparison to leading products in the target market; and promotional support offered by the supplier.
- Korean traders highly value face-to-face contacts when developing business relationships with new foreign suppliers. Personal visits to Korea allow new-to-market suppliers to gain contacts with Korean importers as well as hands-on knowledge about local market trends. Contact information of Korean alcohol beverage importers is available from ATO Seoul upon

request. Facility and equipment of ATO Seoul, including meeting rooms and a small kitchen are also available to new-to-market suppliers.

- Trade shows are an efficient venue for new-to-market American suppliers to develop contacts with a large number of Korean buyers. Many established Korean importers and distributors attend key wine trade shows around the world, including Vinexpo, Vinitaly, ProWine. The below food and wine trade shows in Korea could also be considered:
 - 1) Seoul Food & Hotel (www.seoulfoodnhotel.co.kr) is the leading food trade show held annually in Korea. This is the only show in Korea that is officially endorsed and sponsored by USDA/FAS. The up-coming 2018 show will be held May 1-4. For registration information, please contact the American Pavilion organizer, Oak Overseas (rhoood@oakoverseas.com).
 - 2) The Seoul International Wines & Spirits Expo (www.swsexpo.com) is an important annual event dedicated to alcohol beverage products. The 2018 show will be held April 26-28.
- Various regional and industry organizations in the United States offer export assistance programs to their member suppliers targeting foreign markets. General tools offered by the organizations include trade delegations to key foreign markets.
 - 1) California Wine Institute:
Phone: 415-512-0151
Fax: 415-356-7569
Internet Home-page: www.wineinstitute.org
 - 2) Napa Valley Vintners Association:
Phone: 707-968-4213
Fax: 707-963-3488
Internet Home-page: www.napavintners.com
 - 3) Washington State Wine Commission:
Phone: 206-667-9463
Fax: 206-583-0573
E-mail: info@washingtonwine.org
Internet Home-page: www.washingtonwine.org
 - 4) Oregon State Wine Board:
Phone: 503-228-8336
Fax: 503-228-8337
E-mail: info@oregonwine.org
Internet Home-page: www.oregonwine.org

SECTION III: COST & PRICING

A combined effect of import duty, local liquor taxes, logistics costs and distributor mark-ups makes retail price of an imported wine in Korea several times higher than in the export country.

1. DUTIES, TAXES, MARK-UPS

- Korea applies a complicated duty and tax system to imported alcoholic beverages. The table below summarizes import duties and local taxes applied to American alcohol beverage products imported into Korea as of 2018.

Table 4: Import Duties and Taxes on American Alcoholic Beverages in Korea

Product	Import Duty	Liquor Tax	Education Tax
Fruit Wine	0%	30%	10%
Beer	0%	72%	30%
Bourbon Whiskey	0%	72%	30%

- The following table illustrates the effects of import duty and liquor taxes on a bottle of \$10 (CIF value) American wine imported into Korea:

Table 5: Effects of Import Duties and Taxes on American Wine

A	CIF* Invoice Value	\$10.00
B	Import Duty: A x 0%	\$0.00
C	Liquor Tax: (A+B) x 30%	\$3.00
D	Education Tax: C x 10%	\$0.30
E	Subtotal: (A+B+C+D)	\$13.30
F	Value Added Tax **: E x 10%	\$1.33
G	Handling fees for customs clearance ***: A x 8%	\$0.80
H	Total cost of wine upon customs clearance: (E+F+G)	\$15.43

*Note: CIF is an export price inclusive of insurance and freight cost to an entry port in Korea.

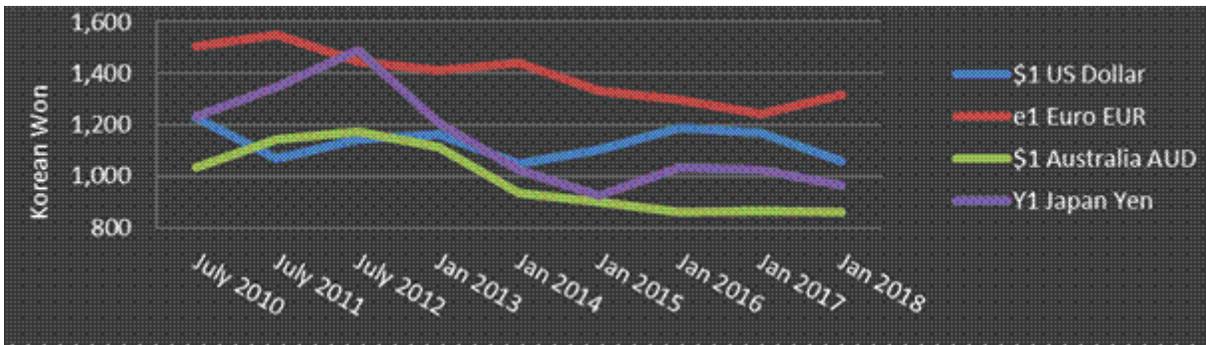
**The paid Value Added Tax (VAT) is eventually refunded to the importer as the tax is carried over to the consumer.

***In addition to import duty and taxes, additional cost of about 8 percent of CIF value will occur for miscellaneous expenses, including paperwork, inspection, warehousing, and transportation. The amount of this additional cost depends mainly on the kind of inspection to which the shipment is subject. For example, warehousing fee will increase significantly if a detailed chemical inspection is required instead of document inspection.

2. CURRENCY EXCHANGE RATE

- The value of the Korean won has gone through significant shifts against major international currencies ever since the Asian economic crisis back in 1998. It is notable that retail price of imported beer in Korea is directly affected by currency exchange rate shifts. The value of the U.S. dollar and Japanese yen has been on a significant decline since mid-2017 whereas the euro strengthened against the Korean won.

Figure 8: Shifts of Exchange Rate of Major Currencies against Korean Won



Source: Korea Exchange Bank

SECTION IV: MARKET ACCESS

1. LABELING

- Korean law requires a separate Korean language label on imported wine. In most cases, the Korean language label (sticker) is attached to the back of the bottle manually by the importer in the duty-free warehouse before customs clearance. The Korean language label should contain the following information:
 - 1) Product Name (e.g., Robert Mondavi Cabernet Sauvignon)
 - 2) Country of origin (e.g., U.S.A)
 - 3) Product Type (e.g., Grape Wine)
 - 4) Importer's name, address, and phone number
 - 5) Date of bottling (e.g., Year-Month-Day or Julian Code)
 - 6) Alcohol percentage and product volume (e.g., 13.5%, 750 ml)
 - 7) Name of major ingredients (e.g., Grape)
 - 8) Name of place where the product can be returned or exchanged in case the product has any defect.
 - 9) Instructions for proper storage
 - 10) Name of food additives used (e.g., Sulfur Dioxide)
 - 11) Mandatory health warning clause
 - 12) Mandatory warning clause against liquor sales to minors.
 - 13) Name of designated distribution channel (only required on bottles sold in retail stores. Bottles sold in retail stores should be marked "For Home Use".)
- Fruit images or photos are not allowed on the label of food and beverage products, including wine, if the product contains synthetic flavors only for the fruit images shown on the label.
- Quality claims shown on the product label (such as organic, kosher, and halal) are not allowed unless the product has been certified for the claim by a certifying agent accredited by the Korean authority. For processed organic beer, Korea and the United States have established an equivalency agreement. As a result, American beer certified organic in the United States may

be sold as organic in the Korean market and display the USDA organic logo without certification by the Korean authority.

2. INSPECTIONS & FOOD SAFETY STANDARDS

- The Korean government has implemented 'Special Act on Imported Food', which mandates advance registration of foreign food and beverage facilities, including alcohol beverages, for shipping to Korea. For details of the new regulation, please refer to the [GAIN Report](#) on the subject published by FAS Seoul (available at www.fas.usda.gov). As noted in the report, foreign facility includes not only food processing/manufacturing facilities but also packing houses, grain storage facilities (such as export elevators) and fishery plants that ship products to Korea. The Act intends to develop a traceability system on imported food and agricultural products.
- Imported foods and beverages, including alcohol beverages, are subject to food safety inspections. There are two kinds of inspections: detailed inspection (chemical analysis) and visual inspection (document inspection). The first commercial shipment of new-to-market product is mandated to a detailed inspection, which under Korean law should take no longer than 10 working days (in case of incubation test, up to 14 working days). In practice, however, importers claim that it could take longer. For detailed inspection, importers are required to submit one sample bottle of each product to the inspection authority along with detailed product information such as major ingredient list and processing flow chart. Once detailed inspection on the first shipment confirms no potential health concerns, subsequent shipments of the same product will be subject to visual (documentary) inspections. Visual inspection should take no longer than 3 working days provided that the product in the subsequent shipment is identical to the product in the first shipment with respect to label, product name, ingredients, and net volume (vintage change is not recognized as a reason for detailed inspection). However, local authority maintains a policy to require detailed inspections randomly on a significant portion of subsequent shipments of identical products. For more information about Korean regulations and standards on imported agricultural products, please refer to [FAIRS Country Report \(Food and Agricultural Import Regulations and Standards\)](#) published by the Agricultural Affairs Office of the U.S. Embassy Seoul (available at www.fas.usda.gov under Data & Analysis section).

Table 6: Korean Food Safety & Additive Standards on Wine

Key Issue	Standards
1 Methanol	Not more than 1.0 mg/ml
2 Food Preservatives	Preservatives other than those specified below shall not be detected in fruit wine. (1) Sorbic acid (Potassium Sorbate or Calcium Sorbate): Less than 0.2 g/kg as Sorbic acid (2) Sulfur dioxide: Not more than 0.35g/kg
3 Ochratoxin A	No more than 2.0 microgram/kg
4 Melamine	Not more than 2.5 mg/kg

5	Lead	Not more than 0.2mg/kg
6	Food Additives that can be added to fruit wine	(1) Sweeteners: Sugar, Glucose, Fructose, Wheat-gluten, Molasses syrup, Maple syrup, Oligo sugar, Honey, Aspartame, Sorbitol, Stebioside, Sorbitol, Sucralose, Acelsulfame potassium, Erythritol, Xylitol (2) Acids: Lactic acid, Succinic acid, Acetic acid, Fumalic acid, Gluconic acid, Tartaric acid, Citric acid, Malic acid, Tannic acid (3) Seasonings: Amino acids, Glycerin, Dextrin, Hop, Minerals (4) Flavorings: Ester compounds, Aldehyde compounds, Fusel compounds (5) Colorants: Compounds allowed by the food safety law
7	Total Heavy Metals	Below 10 mg/Kg
8	Food poisoning pathogens	Should not be detected: <i>Salmonella spp.</i> , <i>Staphylococcus aureus</i> , <i>Vibrio paraphaemolyticus</i> , <i>Clostridium perfringens</i> , <i>Listeria monocytogenes</i> , <i>Escherichia coli O157:H7</i>
9	Alcohol content	Korean labeling regulations for alcohol percentage allows for a +/- 0.5 percent point margin of error for the difference between the labeled and actual alcohol content. For example, a wine labeled as 12 percent alcohol must be measured within 11.5 percent to 12.5 percent range.

- Several shipments of imported wine have reportedly failed the import inspection in recent years as the Korean lab analysis found presence of sorbic acid in the wine while sorbic acid was not listed as an additive used on the product label. Korean authority uses HPLC method for testing sorbic acid. HPLC has a 1.5 ppm detection limit, which is far more sensitive than other methods used by regular wineries around the world. American suppliers should take extra caution not to declare 'not detected' claim for sorbic acid (thus not listing it on the product label) based on the result of its less sensitive analysis method.
- The Korean government is paying more attention to food safety issues for imported food. When a new food safety issue associated with specific additive or ingredient arises, local authority may enforce additional safety standards and tests on imported wine. For example, testing for Melamine was temporarily added to detailed inspection for imported wine from March 2009 until June 2011 due to a food safety scandal involving Melamine in imported Chinese processed foods. Tests for Ochratoxin A and lead have been newly added to detailed inspection for imported wine since July 2010. Korean authorities are considering adding tests or strengthening safety standards for imported wine include Ethyl carbamate and Cyclamate. Some local consumer groups have also been questioning the safety of Sulfur dioxide in wine.

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

A. USDA/FAS OFFICES IN KOREA

(1) For information about the Korean agricultural market and regulations, please contact:

U.S. Agricultural Trade Office Seoul (ATO)

Korean Address: Room 303, Leema Building, 42 Jongro 1-gil, Jongro-gu, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-ATO, APO, AP 96205-5550

Telephone: +82-2 6951-6848 Fax: +82-2 720-7921

E-mail: atoseoul@fas.usda.gov

Internet homepage: www.atoseoul.com

Agricultural Affairs Office, U.S. Embassy Seoul (AAO)

Korean Address: U.S. Embassy, 188 Sejong-daero, Jongro-gu, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-AgAff, APO, AP 96205-5550

Telephone: +82-2 397-4297 Fax: +82-2 738-7147

E-mail: agseoul@fas.usda.gov

(2) For further information about sanitary/export certificate requirements, please contact:

U.S. Animal Plant and Health Inspection Service Seoul (APHIS)

Korean Address: Room 303, Leema Building, 42 Jongro 1-gil, Jongro-gu, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-APHIS, APO, AP 96205-5550

Telephone: +82-2 725-5495 Fax: +82-2 725-5496

E-mail: yunhee.kim@aphis.usda.gov

Internet Homepage: www.aphis.usda.gov

B. STATE REGIONAL TRADE GROUPS (SRTG)

For information about export assistant programs offered by State Regional Trade Groups, please contact:

Western United States Agricultural Trade Association (WUSATA)

2500 Main Street, Suite 110, Vancouver, WA 98660-2697, USA

Telephone: 360-693-3373 Fax: 360-693-3464

E-mail: export@wusata.org

Website: www.wusata.org

Food Export Association of the Midwest USA

309 W. Washington St., Suite 600, Chicago, Illinois 60606, USA

Telephone: 312-334-9200 Fax: 312-334-9230

E-mail: info@foodexport.org

Website: www.foodexport.org

Food Export USA - Northeast Region of the United States

150 S. Independence Mall West, 1036 Public Ledger Building, Philadelphia, PA 19106, USA

Telephone: 215-829-9111 Fax: 215-829-9777

E-mail: info@foodexportusa.org

Website: www.foodexportusa.org

Southern United States Agricultural Trade Association (SUSTA)
2 Canal Street Suite 2515, New Orleans, LA 70130, USA
Telephone: 504-568-5986 Fax: 504-568-6010
E-mail: susta@susta.org
Website: www.susta.org

C. ADDITIONAL SOURCES OF INFORMATION & SUPPORTS

(1) For information on the non-agricultural commercial and industrial products in Korea, please contact:

U.S. Commercial Service
Korean Address: U.S. Embassy, 82, Sejong-ro, Jongro-gu, Seoul, Korea
U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-USCS, APO, AP 96205-5550
Telephone: +82-2 397-4535 Fax: +82-2 739-1628
E-mail: Seoul.office.box@mail.doc.gov
Homepage: www.buyusa.gov/southkorea

(2) The American Chamber of Commerce in Korea (AMCHAM) offers a local network of American businesses by sector, through which its over 1,000 member companies can share market intelligence and collaborate on new business opportunities.

Address: #4501 Trade Tower, 159-1 Samsung-dong, Gangnam-gu, Seoul, Korea
Telephone: +82-2 564-2040 Fax: +82-2 564-2050
E-mail: amchamrsvp@amchamkorea.org
Homepage: www.amchamkorea.org

APPENDIX: KOREA'S WINE IMPORT STATISTICS

Origin	Category	Value (\$1,000)			Volume (Liter)		
		2015	2016	2017	2015	2016	2017
France	Sparkling	15,901	19,750	25,937	555,488	648,040	849,011
	Red Bottle	34,735	34,596	34,313	3,693,876	3,356,017	3,276,071
	Red Bulk	43	39	108	1,154	1,292	2,221
	White Bottle	5,472	5,647	6,598	493,572	535,282	580,620
	White Bulk	3	18	28	140	1,114	933
	Others	676	480	1,705	69,411	45,351	97,152
	Sub-Total	56,830	60,530	68,689	4,813,641	4,587,096	4,806,008
Chile	Sparkling	192	335	518	42,495	68,357	92,844
	Red Bottle	37,702	36,777	35,234	7,699,666	7,801,560	7,532,754
	Red Bulk	410	193	662	279,527	144,249	441,456
	White Bottle	3,185	3,477	4,027	861,049	951,924	1,137,759
	White Bulk	174	301	159	146,577	243,667	120,002
	Others	44	38	49	7,282	4,647	7,788
	Sub-Total	41,707	41,121	40,649	9,036,596	9,214,404	9,332,603
Italy	Sparkling	6,502	6,027	6,568	1,406,956	1,429,450	1,431,836
	Red Bottle	14,307	14,813	16,680	1,911,347	1,931,799	2,178,378
	Red Bulk	290	235	307	107,204	103,971	311,541
	White Bottle	6,272	5,562	6,041	1,586,984	1,353,862	1,268,697
	White Bulk	176	142	169	61,531	75,321	192,149
	Others	289	221	249	47,482	33,393	40,067
	Sub-Total	27,836	27,000	30,014	5,121,504	4,927,796	5,422,668
USA	Sparkling	473	490	453	103,905	110,161	101,352

	Red Bottle	17,642	16,899	19,691	2,389,778	2,254,611	2,286,821
	Red Bulk	653	405	174	348,541	234,775	72,923
	White Bottle	3,669	3,410	3,733	448,597	479,448	523,039
	White Bulk	175	179	74	119,394	117,290	45,143
	Others	474	419	645	23,802	17,653	24,522
	Sub-Total	23,086	21,802	24,770	3,434,017	3,213,938	3,053,800
Spain	Sparkling	1,448	1,762	2,531	427,765	507,889	693,515
	Red Bottle	9,739	9,642	10,560	3,421,042	3,432,018	3,675,277
	Red Bulk	640	708	479	890,450	996,650	630,881
	White Bottle	1,123	1,075	1,746	651,932	562,005	1,104,529
	White Bulk	1,705	2,703	924	3,039,030	4,883,174	1,600,230
	Others	106	118	121	24,371	19,321	17,512
	Sub-Total	14,761	16,008	16,361	8,454,590	10,401,057	7,721,944
Australia	Sparkling	463	546	488	102,229	137,135	73,435
	Red Bottle	6,870	7,427	9,149	1,266,904	1,384,655	1,725,719
	Red Bulk	59	32	437	30,758	2,725	235,243
	White Bottle	1,220	1,791	2,109	300,541	412,083	497,428
	White Bulk	6	2	-	2,880	1,296	-
	Others	86	139	124	8,003	7,933	8,397
	Sub-Total	8,704	9,937	12,307	1,711,315	1,945,827	2,540,222
Argentina	Sparkling	19	46	71	2,520	9,393	16,610
	Red Bottle	3,898	4,088	4,380	714,554	782,377	830,694
	Red Bulk	-	-	-	18	-	1
	White Bottle	147	251	266	26,871	61,128	69,565
	White Bulk	16	-	-	24,003	-	-
	Others	9	10	13	956	1,336	1,432
	Sub-Total	4,089	4,395	4,730	768,922	854,234	918,302
Germany	Sparkling	841	352	933	234,864	183,191	232,813
	Red Bottle	605	486	630	210,612	144,442	170,321
	Red Bulk	1	-	-	54	20	12
	White Bottle	1,859	1,387	1,620	343,146	262,566	262,553
	White Bulk	-	-	-	-	1	-
	Others	74	52	84	5,763	3,429	5,378
	Sub-Total	3,380	2,277	3,267	794,439	593,649	671,077
South Africa	Sparkling	2,805	2,452	2,234	1,617,564	1,101,714	983,169
	Red Bottle	920	752	674	294,140	245,568	225,319
	Red Bulk	73	21	41	59,680	19,820	28,402
	White Bottle	671	220	240	266,729	91,588	95,957
	White Bulk	7	18	22	5,780	17,000	26,580
	Others	296	51	7	118,688	17,909	492
	Sub-Total	4,772	3,514	3,218	2,362,581	1,493,599	1,359,919
New Zealand	Sparkling	31	32	56	3,998	4,540	7,559
	Red Bottle	296	360	479	30,442	36,960	42,252
	Red Bulk	-	3	4	9	604	822
	White Bottle	1,563	1,733	2,079	167,714	186,935	225,409
	White Bulk	-	7	-	9	1,431	-
	Others	21	25	42	808	1,243	1,054
	Sub-Total	1,911	2,160	2,660	202,980	231,713	277,096
Others	Sparkling	180	225	181	31,255	19,645	21,698
	Red Bottle	968	882	1,348	167,496	162,988	205,639
	Red Bulk	82	39	76	66,425	25,866	77,526
	White Bottle	985	1,025	995	1,144,294	88,740	85,012
	White Bulk	4	-	16	97	78	514

Others	491	502	784	15,859	19,067	22,776
Sub-Total	2,710	2,673	3,400	1,425,426	316,384	413,165
Grand Total	189,786	191,417	210,065	38,126,011	37,779,697	36,516,804