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Korea, Republic of

Fishery Products

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Report Highlights:
Imports from the United States increased about 12 percent to $153 million in 2005 from $136 million in 2004. In 2005, Korea was the fifth largest market for U.S. fishery products. Korea remains an important market for U.S. seafood suppliers, given Korea's high per capita consumption of seafood. In 2006, total imports of seafood are expected to increase more than 10 percent to $2.5 billion.

Includes PSD Changes: No
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SECTION I: SITUATION AND OUTLOOK

Korea exported $1.19 billion in seafood in 2005. As recently as five years ago Korea exported more seafood than it imported. However, imports in 2005 exceeded exports by $1.2 billion. Imports are expected to continue to outpace exports ensuring that Korea will remain an important market for U.S. seafood suppliers.

Seafood imports from all origins increased to $2.38 billion in 2005, up 5 percent from $2.26 billion 2004. In 2005, Korea was the fifth largest market for U.S. fishery products. Imports from the United States amounted to $153 million (67,000 MT) in 2005, providing the United States with a 6.4 percent market share. In 2006, total imports of seafood are expected to increase by about 10 percent to $2.5 billion.

U.S. seafood is generally considered high quality but higher in price compared to competitors. Pollack surimi, monkfish, Alaskan Pollack roes, cod and hagfish are some of the major species that are imported to Korea from the United States.

Korean seafood production increased to 2.71 million metric tons in 2005, up 8 percent from 2.52 million metric tons in 2004 mainly due to advances in shallow-sea aquaculture. Shallow-sea aquaculture increased from 918,000 tons in 2004 to 1,041,000 tons in 2005 accounting for the majority of the growth. Still, this is down significantly from several years ago when average annual production was over 3 million metric tons.

It is expected that Korean domestic fishery production will not increase in the future due sharp reductions in fish resources in adjacent waters and the enforcement of Exclusive Economic Zones by Korea's neighboring countries. The number of fishery workers and fishing vessels have decreased continuously over the past 5 years reflecting the reduction in fish resources. To cope with this situation, the Korean government has accelerated the downsizing of the Korean fishing fleet and plans to reduce it further over the next several years. Recognizing the potential economic impact of this step and the reduction in fishery agreements, the Korean government is undertaking an in-depth study of aquaculture and researching how to secure higher fish catch quotas in foreign waters.

SECTION II: STATISTICAL TABLES

1. Statistics of Fish, Urchin Roe / Caviar and Livers

Export Trade Matrix

Country Korea, Republic of
Commodit Fish,Urchin Roe/Caviar,Livers

Time Period	Jan/Dec	Units:	MT
Exports for:	2004		**2005**
U.S.	131	U.S.	90
Others		Others	
Japan	3,514	Japan	3,806
China	1,915	China	832
Russia	310		
Total for Others	5739		4638
Others not Liste	36		158
Grand Total	5906		4886

Import Trade Matrix

Country Korea, Republic of
Commodit Fish,Urchin Roe/Caviar,Livers

Time Period	Jan/Dec	Units:	MT
Imports for:	2004		**2005**
U.S.	2,690	U.S.	3,150
Others		Others	
Russia	6,503	Russia	6,383
China	3,005	China	4,053
New Zealand	648	New Zealand	935
Iceland	491	Iceland	821
Japan	451	Taiwan	322
		Japan	297
Total for Others	11098		12811
Others not Liste	572		1,499
Grand Total	14360		17460

Table 1: Korean Production of Fish Roes, Urchin (Metric Tons)

Items	2000	2001	2002	2003	2004	2005
Roes of Alaska Pollack (from distant seas)1/	2,955	2,197	2,361	3,093	2,315	1,544
Herring Roes	0	0	0	0	0	0
Sea Urchin	103	92	71	59	126	61
Total	3,058	2,289	2,432	3,152	2,441	1,605

Source: Statistical Yearbook of Ministry of Maritime Affairs and Fisheries 2006

Table 2: Korean Imports of Fish and Urchin Roes/Caviar/Liver (Metric Tons)

Species	H.S. Code	2004		2005	
		World	U.S.	World	U.S.
Livers, Fresh	0302.70.1000	4	4	2	2
Roes, fresh	0302.70.2000	0	0	0	0
Livers, frozen	0303.80.1000	135	0	69	2
Roes/AK Pollack, frozen	0303.80.2010	6,765	1,452	4,165	1,148
Other Roes, Frozen	0303.80.2090	4,092	1,231	7,474	1,994
Livers, dried, salted	0305.20.1000	10	0	0	0
Roes, dried	0305.20.2000	27	0	57	0
Roes, smoked	0305.20.3000	0	0	0	0
Roes/Alaska Pollack	0305.20.4010	5	0	5	0
Roes/Yellow Corvina	0305.20.4020	0	0	0	0
Roes/Herrings, Dried	0305.20.4030	30	0	77	0
Other roes, Salted	0305.20.4090	63	0	33	0
Sea Urchin, Fresh	0307.91.9010	7	1	1	0
Caviar	1604.30.1000	2	0	3	0
Caviar, Substitute	1604.30.2000	3,220	2	5,570	4
Total		14,360	2,690	17,456	3,150

Source: Statistical Yearbook of Foreign Trade 2005, Korea Customs Service

Table 3: Korean Exports of Fish and Urchin Roe/Caviar/Liver (Metric Tons)

Species	H.S. Code	2004		2005	
		World	U.S.	World	U.S.
Livers, Fresh	0302.70.1000	0	0	0	0
Roes, Fresh	0302.70.2000	0	0	0	0
Livers, Frozen	0303.80.1000	0	0	0	0
Roes/AK Pollack, frozen	0303.80.2010	2,187	21	647	1

Other Roes, frozen	0303.80.2090	447	12	251	5
Livers, dried, salted	0305.20.1000	7	0	2	0
Roes, dried	0305.20.2000	0	0	1	0
Roes, smoked	0305.20.3000	0	0	0	0
Roes/pollack, salted	0305.20.4010	81	17	60	33
Roes/Yellow Corniva, salted	0305.20.4020	0	0	0	0
Roes/Herrings, Dried	0305.20.4030	0	0	0	0
Other roes, Salted	0305.20.4090	34	1	47	5
Sea Urchin, Fresh	0307.91.9010	48	0	28	0
Caviar	1604.30.1000	0	0	0	0
Caviar, Substitute	1604.30.2000	3,102	80	3,760	46
Total		5,906	131	4,796	90

Source: Statistical Yearbook of Foreign Trade 2005, Korea Customs Service

2. Statistics of Flatfish, Whole

Export Trade Matrix

Country Korea, Republic of

Commodit Flatfish, Whole/Eviscerated

Time Period	Jan/Dec	Units:	MT
Exports for:	2004		**2005**
U.S.	0	U.S.	182
Others		Others	
Japan	4,767	Japan	5,746
China	1,740	China	1,836
Spain	378	Spain	203
Total for Others	6885		7785
Others not Liste	399		328
Grand Total	7284		8295

Import Trade Matrix

Country Korea, Republic of

Commodit Flatfish, Whole/Eviscerated

Time Period	Jan/Dec	Units:	MT
Imports for:	2004		2005
U.S.	5,182	U.S.	3,198
Others		Others	
Russia	8,817	Russia	6,209
China	2,955	China	3,017
Guinea	2,780	Spain	2,257
Spain	1,746	Senegal	874
Senegal	847	Guinea	727
Total for Others	17145		13084
Others not Liste	1,529		2,271
Grand Total	23856		18553

Table 4: Korean Flatfish Production (Metric Tons)

Fishing Type	2000	2001	2002	2003	2004	2005
On and Off-Shore	17,030	16,210	15,638	14,908	13,775	17,431
Deep-Sea	258	33	32	258	279	76
Aquaculture	14,127	16,426	23,343	34,533	32,141	40,075
Total	31,415	32,669	39,013	49,699	46,195	57,582

Source: Statistical Yearbook of Ministry of Maritime Affairs and Fisheries 2006

Table 5: Korean Imports of Flatfish (Metric Tons)

Species	H.S. Code	2004		2005	
		World	U.S.	World	U.S.
Flat Fish, Live	0301.99.8000	565	0	841	0
Halibut, Fresh	0302.21.0000	0	0	0	0
Plaice, Fresh	0302.22.0000	33	0	42	0
Sole, Fresh	0302.23.0000	5	0	56	0

Other, Fresh	0302.29.0000	84	0	118	0
Halibut, Frozen	0303.31.0000	97	3	255	0
Plaice, Frozen	0303.32.0000	2,781	653	1,055	442
Sole, Frozen	0303.33.0000	1,881	0	1,309	0
Others, Frozen	0303.39.0000	18,410	4,526	14,877	2,756
Total		23,856	5,182	18,553	3,198

Source: Statistical Yearbook of Ministry of Foreign Trade 2005

Table 6: Korean Exports of Flatfish (Metric Tons)

Species	H.S. Code	2004		2005	
		World	U.S.	World	U.S.
Flat Fish, Live	0301.99.8000	4,534	0	5,574	2
Halibut, Fresh	0302.21.0000	6	0	1	0
Plaice , Fresh	0302.22.0000	26	0	3	0
Sole, Fresh	0302.23.0000	2	0	0	0
Other, Fresh	0302.29.0000	2	0	8	0
Halibut, Frozen	0303.31.0000	85	0	227	178
Plaice, Frozen	0303.32.0000	47	1	53	0
Sole, Frozen	0303.33.0000	356	0	233	0
Others, Frozen	0303.39.0000	2,226	4	2,196	2
Total		7,284	5	8,295	182

Source: Statistical Yearbook of Foreign Trade 2005, Korea Customs Service

3. Statistics of Groundfish, Whole

Export Trade Matrix

Country Korea, Republic of
Commodit Groundfish, Whole/Eviscerated

Time Period	Jan/Dec	Units:	
Exports for:	2004		**2005**
U.S.	234	U.S.	92
Others		Others	
China	11,135	China	11,877
New Zealand	1,795	New Zealand	2,222
Russia	822	Russia	795
Japan	421	Japan	119
Total for Others	14173		15013
Others not Liste	1143		139
Grand Total	15550		15244

Import Trade Matrix

Country Korea, Republic of
Commodit Groundfish, Whole/Eviscerated

Time Period	Jan/Dec	Units:	MT
Imports for:	2004		**2005**
U.S.	8,984	U.S.	6,074
Others		Others	
Russia	144,720	Russia	179,962
Japan	43,545	Japan	8,485
China	7,635	China	7,462
Netherlands	2,260	Netherlands	3,433
		Portugal	1,768
Total for Others	198160		201110
Others not Liste	3,571		1,818
Grand Total	210715		209002

Table 7: Korean Ground fish Production (Metric Tons)

Year	Deep-Sea	On/Off Shore	Total
1998	238,402	7,737	246,139
1999	155,269	5,660	160,929
2000	97,957	12,225	110,182
2001	213,056	6,496	219,552
2002	34,593	4,430	39,023
2003	28,464	5,786	34,250
2004	28,064	4,593	32,657
2005	34,321	11,252	45,573

Source: Statistical Yearbook of Ministry of Maritime Affairs and Fisheries 2006

Table 8: Korean Import of Ground fish (Metric Tons)

Species	H.S. Code	2004		2005	
		World	U.S.	World	U.S.
Cod, Fresh	0302.50.0000	2,705	31	2,566	21
Alaska Pollack, Fresh	0302.69.1000	18,715	0	17,982	0
Cod, Frozen	0303.60.0000	13,139	3,426	12,984	3,173
Hake, Frozen	0303.78.0000	2,996	24	3,862	0
Alaska Pollack	0303.79.1000	161,973	3,896	163,594	2,134
Rockfish(ocean perch)	0303.79.9070	7,731	1,607	5,638	746
Alaska Pollack, Dried	0305.59.3000	3,456	0	2,376	0
Total		210,715	8,984	209,002	6,074

Source: Statistical Yearbook of Foreign Trade 2005, Korea Customs Service

Table 9: Korean Export of Ground Fish (Metric Tons)

Species	H.S. Code	2004		2005	
		World	U.S.	World	U.S.
Cod, Fresh	0302.50.0000	0	0	0	0

Alaska Pollack, Fresh	0302.69.1000	0	0	9	9
Cod, Frozen	0303.60.0000	1,778	38	3,730	0
Hake, Frozen	0303.78.0000	3,155	0	4,371	0
Alaska Pollack	0303.79.1000	10,118	126	6,652	37
Rockfish (ocean perch)	0303.79.9070	304	0	264	0
Alaska Pollack, Dried	0305.59.3000	195	70	218	46
Total		15,550	234	15,244	92

Source: Statistical Yearbook of Foreign Trade 2005

4. Statistics of Surimi

Export Trade Matrix

Country Korea, Republic of

Commodit Surimi

Time Period	Jan/Dec	Units:	MT
Exports for:	2004		**2005**
U.S.	3	U.S.	0
Others		Others	
Japan	450	Russia	96
China	203	Vietnam	59
Russia	161	Japan	37
Total for Others	814		192
Others not Liste	18		25
Grand Total	835		217

Import Trade Matrix

Country Korea, Republic of
Commodit Surimi

Time Period	Jan/Dec	Units:	MT
Imports for:	2004		**2005**
U.S.	37,032	U.S.	31,660
Others		Others	
Vietnam	24,385	China	28,413
China	22,759	Vietnam	27,445
Thailand	9,464	Thailand	11,941
Malaysia	4,561	Malaysia	3,352
India	2,674	India	2,742
Argentina	1,327	Indoneisia	1,332
Total for Others	65170		75225
Others not Liste	1,987		2,619
Grand Total	104189		109504

Table 10: Korean Surimi Production (Metric Tons)

Year	On / Off Shore	Deep-Sea	Total
1998	14,769	15,668	30,437
1999	14,693	18,303	32,996
2000	7,326	3,327	10,653
2001	5,095	0	5,095
2002	5,487	0	5,487
2003	4,442	0	4,442
2004	11,040	0	11,040
2005	5,848	0	5,848

Source: Statistical Yearbook of Ministry of Maritime Affairs and Fisheries 2006

Table 11: Korean Import of Surimi (Metric Tons)

Species	H.S. Code	2004		2005	
		World	U.S.	World	U.S.

Alaska Pollack	0304.90.1010	35,051	34,690	26,975	26,745
Others	0304.90.1090	69,138	2,342	82,529	4,915
Total		104,189	37,032	109,504	31,660

Source: Statistical Yearbook of Foreign Trade 2005, Korea Customs Service

Table 12: Korean Export of Surimi (Metric Tons)

Species	H.S. Code	2004		2005	
		World	U.S.	World	U.S.
Alaska Pollack	0304.90.1010	797	3	73	0
Others	0304.90.1090	38	0	144	0
Total		835	3	217	0

Source: Statistical Yearbook of Foreign Trade 2005, Korea Customs Service

SECTION III: NARRATIVE ON SUPPLY AND DEMAND & MARKETING

Production

Korean seafood production was 2.71 million metric tons in 2005, an 8 percent increase from the previous year. This includes 1.1 million tons from on/off shore fishing, 1 million tons from shallow sea aquaculture, 522,000 tons from deep-sea fishing and 24,000 tons from fresh water fishing. In 2005, production from on/off shore fishing, deep-sea fishing and shallow sea aquaculture increased while production from fresh water decreased slightly.

Table 13: Korean Fishery Production by Year

Year	Volume
1997	3,243,725
1998	2,835,015
1999	2,910,450
2000	2,514,225
2001	2,665,123
2002	2,476,188
2003	2,487,042
2004	2,519,101
2005	2,714,050

Source: Statistical Yearbook of Maritime Affairs and Fisheries 2006

Production of aquaculture contributed strongly to an increase in total production in 2005 over 2004. This result is ascribed to the Korean government's strong policy to focus on aquaculture in shallow sea areas to cope with the shortage of fishery resources in the adjacent water and restrictions in neighboring countries' waters.

Shallow sea aquaculture is expected to continue to increase in the future due to tighter restrictions on fresh water aquaculture and expectations of continuing reductions in the wild catches in the future. To insulate select domestic seafood producers from imported product (mainly from China), the Korean government has set higher "adjustment tariffs" ranging from 24 to 63 percent for ten fish species. Prior to implementation of the adjustment tariffs imports of these ten species were subject to tariffs ranging from 10 to 20 percent. To further support the domestic industry, the Korea government is focusing on aquaculture in shallow waters to secure a stable supply of fish and working hard to purchase fish quotas from other countries, including Russia.

Korea and China reached an agreement on the fishing quota for 2006, which allows Korean vessels to catch 68,000 tons inside China's EEZ and in return, Chinese vessels can catch 72,900 tons in the Korean zone.

The Ministry of Maritime Affairs and Fisheries (MOMAF) established 380,150 tons as the Total Allowable Catch (TAC) for 2006 for the ten species listed below. There are further restrictions such as limited catch seasons for some species as well as restrictions on the number of fishing boats and fishing methods.

Table 14: Total Allowable Catch for 2006

Species	2004 (MT)	2005 (MT)	2006 (MT)
Mackerels	155,000	160,000	155,000
Jack mackerels	10,000	12,000	19,000
Sardines	5,000	5,000	5,000
Large red crabs	21,000	21,000	21,000
Large crabs	-	-	1,000
Purplish Washington clams	8,000	7,000	5,100
Pen shells	2,500	2,300	2,440
Top shells	2,158	1,683	1,610
Snow crabs	13,000	6,000	4,000
Squid	-	-	166,000
Total	217,650	215,983	380,150

The total catch quotas for all types of fish purchased by the Korean government from the Russian government in 2006 were 37,825 tons. The total initial catch quotas purchased from the Russian government were 32,700 tons. However, the Korea government recently secured an additional 5,125 tons late 2006 from Russia when China gave up their right to an equivalent portion of the quota. The 2006 catch quotas with Russia include 25,250 tons for Alaska pollack, 2,650 tons for cod, 2,500 tons for saury, 6,300 tons for squid, 600 tons for sting ray, 325 tons for herring and 200 tons for blow fish. The fish caught under the catch quotas are considered to be domestic product and are not subject to import tariffs since they are caught by Korean fishing boats.

Constraints built into bilateral and multilateral fishing accords will further impact total harvest from on/off-shore fishery zones. On/off-shore fish species consist mainly of squid, mackerel, corvina, hair tail and anchovy. Government efforts to boost aquaculture production in the shallow sea areas clearly indicate the importance of this sector as a future seafood resource.

Consumption

The "Monthly Statistics of Korea" (August 2006 Issue) shows that the average monthly household expenditure in urban areas on fishery products was $34 in 2005. The Korean Food Journal reported that annual per capita seafood consumption in Korea was 48.6 Kg (fishery products; 27.73 Kg, mollusks; 13.02 Kg, and seaweed; 7.85 Kg) in 2004. The largest fish species that Koreans consumed were, in order, Alaska Pollack (383,000 tons), squid (266,000 tons), mackerel (180,000 tons), hair tail (105,000 tons) and yellow corvina (83,000 tons) in 2005. The success of Korean industry efforts to change consumer perception of fish (as a healthy alternative to red meat), to diversify fish products, to improve quality, and to develop processing technology will be key in expanding domestic demand.

Koreans prefer fish in this order: live fish, fresh fish and lastly, frozen fish. Some live fish is consumed raw (Hoi, or sashimi), and commands a price premium. Korean consumers assume fresh fish tastes better than frozen fish after cooking. . Accordingly, the price for fresh fish is almost always substantially higher than for frozen fish.

As more and more women are working outside the home, the demand for convenience food has increased. Korean consumers are increasingly attracted to precooked, prepared and preserved food at supermarkets. Hotels generally use high quality seafood for which they charge a higher price. However, the institutional food service industry generally uses cheap raw materials to reduce cost as much as possible to cope with the fierce competition in this sector.

The importance of food safety is magnified by the Korean media's propensity to sensationalize food-related news. Detection of disease in fishery products and/or chemical residues in aqua-cultured seafood is widely reported and generally results in a temporary drop in local seafood consumption. For example, reports that Malachite Green had been found in domestically produced fish in 2005 seriously reduced consumption of aqua-cultured Israel carp and trout in Korea.

Trade

Korea is the world's 12th largest economy with a GDP of $787.5 billion in 2005.
Per capita GDP in Korea was estimated by the OECD at $20,400 in 2005 on a purchasing power parity basis. Korean consumers place value on high quality, low cost, healthiness and convenience in the course of making food purchasing decisions. Overall performance of the Korean seafood market will depend greatly on production and consumption. Due to the depletion of fish resources, production is expected to decline. Despite this, consumption is expected to continue to grow as consumers look for healthier protein alternatives.

Price, quality and timeliness are the most important factors affecting U.S. trade. U.S. fish are generally considered to be high quality, but with that comes higher prices. Fortunately, the major species imported from the United States are the species that Koreans enjoy and our competitors do not supply in large quantities. Table 15 below shows the major species imported to Korea from the United States and the world. The imports of these 22 fish species account for over 90 percent of the total imports of fishery products from the United States in 2005.

Table 15: Major Species of Fish Imported from the U.S. in 2005 (US$ 1,000)

Fish Species	From USA	From World
Pollack surimi, frozen	56,034	56,127

Monkfish, frozen	24,288	57,731
Roes of Pollack, frozen	9,907	36,544
Other surimi, frozen	9,501	89,824
Cod, frozen	5,029	18,654
Hagfish, frozen	4,281	7,430
Other roes, frozen	3,939	15,830
Other flat fish, frozen	3,634	22,815
Lobsters, other than frozen	3,415	19,606
Skate, frozen	2,385	29,250
Ray, frozen	2,310	16,792
Alaska Pollack, frozen	2,227	141,603
Salmon, canned	1,900	2,348
Abductors of shell fish, frozen	1,464	5,824
Atka mackerel, frozen	1,381	16,280
Rock fish, frozen	1,330	8,389
Prepared sea cucumber	1,287	6,445
Sardines, frozen	1,147	5,103
Monkfish, fresh	948	2,371
Rock lobster & other sea crawfish, frozen	768	4,367
Sable fish, frozen	550	652
Plaice, frozen	549	1,301
Total	138,274	565,286

Source: Statistical Year Book of Foreign Trade 2005

Korea also exports a large volume of fish products. In 2005, 411,878 metric tons valued at $1.19 billion were exported, the second smallest export volume in the historical database. The major species exported to other countries in 2005 were tuna ($226 million), squid ($102 million), flat fish ($67 million), oysters ($61 million), laver ($54 million), conger eels ($49 million) and crabs ($48 million). The largest seafood export market for Korea in 2005 was Japan at $741 million, followed by China at $108 million, the United States at $88 million, New Zealand at $60 million, EU at $58 million and Thailand $57 million. These six countries accounted for 93.3 percent of Korea's total seafood exports in 2005.

One of the pending issues involving U.S. fishery products with the Korean government is the 63 percent adjustment tariff applied to frozen croaker. The Korean tariff for croaker is "unbound" within the context of the World Trade Organization, meaning there is no ceiling on the rate.

Table 16: Applied Tariff Schedule for Fishery Products

Description	H.S. Code	2005 (%)	2006(%)
Live Fish	0301 XX XXXX	10	10
Fish, Fresh or Chilled	0302 XX XXXX	20	20
Fish, Frozen	0303 XX XXXX	10	10
Fish Fillet/Fish Meat, FR/CH	0304 10 XXXX	20	20

Fish Fillet/Fish Meat, Frozen	0304 20 XXXX	10	10
Fish Surimi, Frozen	0304 90 XXXX	10	10
Fish, Dried/Salted/Smoked	0305 XX XXXX	20	20
Crustaceans	0306 except 0306.14.3000 and 0306.14.9000	20	20
Blue Crabs, frozen	0306.14.3000	14	14
Other crabs, frozen	0306.14.9000	14	14
Mollucs	0307 except 0307 10 1010 and 0307 4	20	20
Oyster Spat	0307 10 1010	5	5
Cuttle Fish and Squid	0307 4X XXXX	10	10
Fish Extracts and Juice	1603 XX XXXX	30	30
Fish, prepared, preserved	1604 XX XXXX	20	20
Crustaceans/Mollusks, prep/preserved	1605 XX XXXX	20	20

Source: Korea Customs Research Institute, Tariff Schedule of Korea, 2006

Table 17: Adjusted Tariff Rates for Fishery Products

Description	H.S. Code	2005 (%)	2006(%)	Changes
Eel, Live	0301.929000	30a	30a	-
Sea Bream, Live	0301.99.4000	45b	45b	-
Sea Bass, Live	0301.99.9050	45	40	5
Croakers, Live	0301.90.9095	36	36	-
Alaska Pollack, Frozen	0303.79.1000	30	30	-
Saury, Frozen	0303.79.8000	40	36	4
Skate, Frozen	0303.79.9093	30	27	3
Croakers, Frozen	0303.79.9095	70	63	7
Shrimp, In Brine	0306.23.3000	55c	50c	5
Squid, Frozen	0307.49.1020	30	24	6

a/ 30% or 1,908 Korean won per Kg., whichever is higher is applied.
b/ 45% or 3,292 Korean won per Kg., whichever is higher is applied.
c/ 50% or 363 Korean won per Kg., whichever is higher is applied.

*These adjustment tariffs have precedence over the applied tariffs described before.

It is important to point out the discrepancy between U.S. BICO trade data and Korean trade data. U.S. BICO trade data show that U.S. exports of seafood products to Korea were $392 million in 2005 while the Statistical Yearbook of the Ministry of Maritime Affairs and Fisheries 2005 shows imports of seafood from the United States were $153 million in the same year. There are a number of reasons that may account for the discrepancy:

? Korean importers purchase fish from the United States with open Letters of Credit with the product to be processed in China, or other countries. The fish is shipped directly to China generally for transformation into fish fillet and imitation crabmeat. These processed products are then exported to Europe, the United States and Korea. The species used for such processing are usually yellow fin sole, cod, Pacific Ocean perch, surimi and Alaska pollack. It is reported that the Koreans have a dozen fish processing plants in China, either wholly owned by Koreans or as joint venture companies with Chinese, as the cost of labor in China is lower than that in Korea.

? Korean importers store the imported product, such as pollack roe, in bonded warehouses and then re-export the product to Japan. Japanese buyers reportedly come to Busan and inspect the roe before they purchase. The storage prices are lower in Busan than in Seattle or Alaska.

? It is also reported that Japanese fish importers buy U.S. seafood, mostly surimi and pollack roes, then ship them to bonded warehouses in Korea and re-export the to Japan or other countries as needed without ever having the product clear customs in Korea. This activity works because warehouse fees in Korea are lower than those in Japan.

? U.S. export figures are based on the FOB value and Korean import data is based on the CIF value.

? There is the time difference between departure from USA and arrival in Korea.

Competitors

Seafood is imported into Korea from about 100 different countries. Major suppliers of fishery products to Korea include China, Russia, Japan, Vietnam, the United States and Thailand. In 2005, these six countries accounted for about 77 percent of total Korean seafood imports on a value basis. In 2005, China became the largest seafood supplier to Korea, followed by Russia and Japan.

Table 18: Imports of Fishery Products from Major Countries (MT, $US 1,000)

Country	2003		2004		2005	
	Weight	Value	Weight	Value	Weight	Value
China	461,971	713,538	490,426	909,536	496,915	936,351
Russia	269,918	299,252	196,525	276,783	211,357	277,216
Japan	69,257	148,699	104,536	180,620	81,332	173,140
Vietnam	67,416	129,878	72,382	143,524	74,767	163,642
USA	82,485	152,677	79,283	136,225	67,176	152,555
Thailand	34,692	95,616	34,043	106,521	40,787	125,147
Others	215,870	378,658	254,474	446,479	283,808	555,523
Total	1,238,603	1,961,145	1,280,915	2,261,356	1,256,142	2,383,574

Source: Statistical Yearbook of Maritime Affairs and Fisheries 2006

Table 19: Exports of Fishery Products to Major Countries (MT, $US 1,000)

Country	2003		2004		2005	
	Weight	Value	Weight	Value	Weight	Value
Japan	150,155	740,447	155,566	834,649	136,948	741,062
China	55,708	70,769	68,073	124,102	64,865	108,031
EU	46,605	78,089	34,403	67,312	33,633	58,246
USA	22,964	80,385	20,947	81,130	22,694	88,174
New Zealand	26,170	30,487	31,884	44,544	35,172	60,478
Thailand	55,304	38,384	42,688	37,565	60,210	57,383
Others	62,080	73,519	45,063	69,159	58,356	79,743
Total	424,785	1,129,385	406,435	1,278,638	411,878	1,193,117

Source: Statistical Yearbook of Maritime Affairs and Fisheries 2006

Since the implementation of the Korean/Chilean Free Trade Agreement (FTA) in 2004, seafood imports from Chile increased by 52 percent in volume and 78 percent in value. In 2005, Korea imported 50,325 tons of seafood worth $57 million from Chile. In contrast, Korea only imported 33,208 tons of seafood worth $32 million from Chile in 2003. As a result of the FTA, import tariffs were reduced to zero for 277 seafood products imported from Chile effective April 1, 2004. Import tariffs on an additional 88 seafood products will be reduced to zero in 5 years and tariffs on 41 of the more sensitive seafood products will fall to zero after 10 years.

For example, there will be no duty for frozen cod in 5 years. The duty in 2004 was 8.3 percent for frozen cod imported from Chile. The Customs duty deduction will be prorated equally over the next 5 years. The current duty is 5 percent. The duty will be 3.3 percent in 2007, 1.7 percent in 2008, and no duty in 2009. The current seafood import volume from Chile is not large. However, importers are paying more attention to Chilean products, which include seafood, wine and other products because of lower tariffs compared to other countries. The effects of the FTA will be realized over the long term when the Customs duties decline further or become zero.

Post believes the ongoing FTA between the United States and Korea will provide good opportunities for U.S. fishery products if it is concluded as scheduled. The industry forecasts that Korean consumers will take advantage of the lower prices resulting from elimination of import duties to demand more Pollack surimi/frozen, lobsters/live, Pollack/frozen, monkfish/frozen, cod/frozen, Pollack roes/frozen, skate/frozen, flatfish/frozen, sea cucumber/prepared and croakers/frozen.

Table 20: Customs Duty Schedules for Some Seafood Products from Chile

Product	Current Customs duties	Duties for Chilean seafood in 2006	Duty Reduction Schedule for Chile
Plaice/frozen	10%	0%	Immediately
Herrings/frozen	10%	0%	Immediately
Ray/frozen	10%	0%	Immediately
Lobsters/frozen	20%	0%	Immediately

Other flat fish	10%	5%	5 years equally
Cod/frozen	10%	5%	5 years equally
Sable fish/frozen	10%	5%	5 years equally
Monkfish/frozen	10%	5%	5 years equally
Croaker/frozen	63%	35%	5 years equally
Fish roes/frozen	10%	5%	5 years equally
Sardines/frozen	10%	7.3%	10 years equally
Pollack/frozen	30%	21.8%	10 years equally
Skate/frozen	27%	25.4%	10 years equally

Source: Tariff Schedules of Korea 2006

Marketing

Imports of seafood are relatively easy compared to other food and agricultural products, as no special certificates are required. Importers import fishery products, and generally sell to hotels and food service industry directly, and to distributors who sell to traditional markets and restaurants. When the volume is large, importers generally sell to retailers such as supermarkets, discount stores and department stores directly. When the volume is small, importers sell to distributors who sell to these retailers. Accordingly, U.S. suppliers should contact seafood importers to sell their fishery products to Korea.

Consumers like to purchase the species that they are accustomed to, and importers tend to import the species consumers are demanding. As mentioned earlier, imports of only about 20 species in Korea from the U.S. account for over 90 percent of total seafood imports from the United States in 2005. This means that U.S. exporters should supply the species consumers prefer, and at the same time should also try to invest in building demand for other species with which consumers currently lack familiarity.

Although there is no market for some species at present, history shows that demand can develop rapidly for new products in Korea. For example, several years ago, no demand existed for Jerk filefish. Accordingly, fisherman threw away Jerk filefish caught along with other fish. Now, imaginative processors have developed a prepared, preserved, flat, dried snack product based on Jerk filefish. Consumption of the product has reached the point that imports are required to augment domestic supplies. Imports of prepared, preserved Jerk filefish were about $26 million (8,105 tons) in 2005, mostly from Vietnam. Although there is currently no market for U.S. croakers, there may be good potential in the future if the tariff barrier is lifted and the species is processed according to Korean tastes.

When considering the Korean market, exporters should conduct preliminary research to determine if the market is appropriate. Possible sources of market information include Korean importers, U.S. state departments of agriculture, the USATO website (www.ATOSeoul.com) and the U.S. Department of Commerce. Lists of Korean importers, by species, can be obtained from the U.S. Agricultural Trade Office, or through the Foreign Agricultural Service in Washington, D.C.

One way of finding potential importers is to participate in local food shows to showcase your products to a larger audience. Many Korean importers attending these shows are looking to establish reliable long-term trading relationships. Show participation enhances initial contacts with importers, agents, wholesalers, distributors, retailers and others in the food and beverage industry.

The Busan International Seafood & Fisheries Expo (BIFSE) 2006 will be held in Busan at the BEXCO convention center, November 16-19, 2006. It presents an excellent opportunity to explore possible market opportunities in Korea. This show is held in November every year and targets importers, wholesalers, distributors, retailers, hotels, restaurants, food processors, media, etc. It is currently the only USDA-supported seafood show in Korea. Check the BISFE website (www.bisfe.com) for future show dates.

SECTION IV KEY CONTACTS AND FURTHER INFORMATION

For further information about the Korean market, please contact:

U.S. Agricultural Trade Office (ATO)
Local address: Room 303, Leema Building, 146-1, Susong-dong, Chongro-ku, Seoul, Korea
U.S. mailing address: U.S. Embassy Seoul, Unit 15550-ATO, APO, AP 96205-5550
Phone: 82-2-397-4188
Fax: 82-2-720-7921
E-mail: atoseoul@usda.gov
Home Page: www.atoseoul.com

The United States Department of Agriculture's Foreign Agricultural Service (USDA/FAS) offers information and services that can be beneficial to both new and experienced exporters. For example, ATO Seoul uses the U.S. Suppliers List (USL) to provide Korean importers with lists of prospective suppliers. The USL is a searchable database of more than 3,800 U.S. exporters and their products. The database features more than 500 agricultural product categories under which companies can list their offerings. Buyers who wish to find U.S. suppliers and U.S. exporters who wish to register in the USL can access the USL at: http://www.fas.usda.gov/agx/partners_trade_leads/us_suppliers_list.asp

Appendix

Table 1: Korean Fishing Fleet (Vessel, Gross/Tons)

2003		2004		2005	
Number	**Capacity**	**Number**	**Capacity**	**Number**	**Capacity**
93,257	754,440	91,608	724,979	90,735	700,810

Source: Statistical Yearbook of Maritime Affairs and Fisheries 2006

Table 2: Korean Fishery Production by Group of Species and Fisheries: 2005 (MT)

Types of Seafood	On/off Shore	Shallow Sea Aquaculture	Deep-Sea	Fresh Water	Total
Fish	721,947	81,437	439,711	21,760	1,264,855
Crustaceans	62,075	1,399	28,842	101	92,417
Mollusks	292,529	326,255	83,543	1,883	704,210

Seaweed & others	20,490	631,983	0	95	652,568
Total	1,097,401	1,041,074	552,096	23,839	2,714,050

Source: Statistical Yearbook of Maritime Affairs and Fisheries 2006

Table 3: Korean Production of Processed Fishery Products by Group (Metric Tons)

Product	2002	2003	2004	2005
Dried/Salted/Cooked	42,014	26,724	52,353	58,343
Preserved/Pickled	42,598	37,381	34,626	43,534
Canned	83,040	80,608	159,638	138,585
Frozen	996,482	1,030,184	1,053,077	497,648
Dried Seaweed	82,946	28,511	71,265	153,597
Agar-Agar	397	347	458	443
Ground Fish Meat	87,015	91,121	96,581	88,290
Flavor Seasoned	19,343	21,501	22,486	19,759
Fish Meal and Oil	19,843	13,924	8,797	11,739
Others	64,996	27,416	29,514	21,830
Total	1,438,677	1,357,717	1,528,795	1,033,768

Source: Statistical Yearbook of Maritime Affairs and Fisheries 2006