

Export Market Development Guidebook

Abalone – HS Code 0307 (030781, 030783, 030787 and
030789) – in South Korea
June 2021



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Introduction

Project Background & Objectives

In December 2020, Austrade was allocated AUD42.9 million in funding to boost its support for Australian agri-food exporters.

Austrade focuses its services primarily on impact and reach. As part of its services, Austrade aims to increase assistance to an additional 2,000 agri-food exporters each year, as well as work with industry bodies to deliver specific advice to exporters about opportunities in existing and new markets.

Euromonitor International is collaborating with Austrade in delivering such services via the provision of enhanced market intelligence reports that help Australian exporters make informed decisions.

The key objectives of the research are as follows:

- Understanding market volume and dynamics
- Evaluating the role played by local production versus trade
- Assessing the different channel/customer preferences and the wider implications these have for demand for Australian products
- Understanding the distribution landscape in terms of the key players operating within the different channels
- Understanding pricing dynamics across different channels and their impact on demand for Australian products
- Evaluating the competitive environment to assess Australian products' positioning
- Assessing import and trade regulations

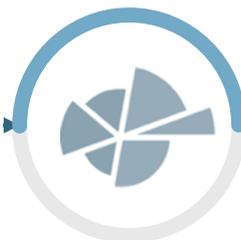
Overview of the research methodology implemented

PROJECT ALIGNMENT & KICK-OFF



- Project alignment discussion on processes, objectives, goals, communication responsibilities/frequency, reporting needs and timeline
- Knowledge transfer

TEMPLATE PRODUCTION AND DATABASE ACCESS



- Development of research templates and an initial draft reporting template
- Central sweep of publicly available sources, including **governmental and quasi-governmental sources**, as well as **trade associations, industry publications and analyst groups** tracking agricultural trade and market conditions

PRIMARY RESEARCH & TRADE DATA COLLECTION



- **Trade data extraction**
 - Retail audits to understand distribution landscape (six stores in Seoul)
 - **Discussions with key players** including, but not limited to importers, distributors, retailers, and industry associations
- N = 5 interviews

ANALYSIS & REPORTING



- **Triangulation of results** to create a consensus output
- Multi-layer **quality control**
- **Delivery of the final report** (including the presentation pack, ie a highly visual executive summary of key findings)
- Austrade review, commentary, and report refinement and finalisation

List of stores audited and companies interviewed in South Korea

For the purpose of this research, Euromonitor International conducted detailed store audits in May-June 2021 and trade interviews with the following companies:



Stores Audited in Seoul

Emart, hypermarket

Lotte Premium Market, supermarket

Noryangjin Fisheries, wholesale market

Lucky Discount Store, traditional grocery store

National Federation of Fisheries Cooperatives, e-commerce



In-Depth Trade Interviews Conducted

Wando Abalone Producer Cooperative, local producer

Samyoung B&F, food processing/manufacturer

Se-A fisheries in Noryangjin Fisheries Market, wholesaler and retailer

National Federation of Fisheries Cooperatives, distributor

Hanaro Mart, retailer



Executive Summary

Abalone



Australian Brands' Positioning:

Australian abalones are recognised as being equivalent to or superior to locally produced products in South Korea in terms of quality and nutrition; however, since South Korea covers 99% of its domestic consumption through local production, there are no significant opportunities for exporters, including Australia.

There were some exports from Australia in 2020, but their volume was very small (less than a 2% share of total abalone imports) and exports are expected not to increase greatly, due to the overwhelming dominance of local supply.

Note: The strengths and weakness of Australian imports are not provided here as the market is almost entirely met by local production. It is unlikely that this market will offer significant scope for imports.

16,873 tonnes

Total Consumption 2020
0.8% CAGR 2021-2025

0.08% share

Share of imports in Total
Consumption 2020

52.5%

Retail
Volume Share 2020

42.5%

Foodservice
Volume Share 2020

5.0%

Food Processing
Volume Share 2020

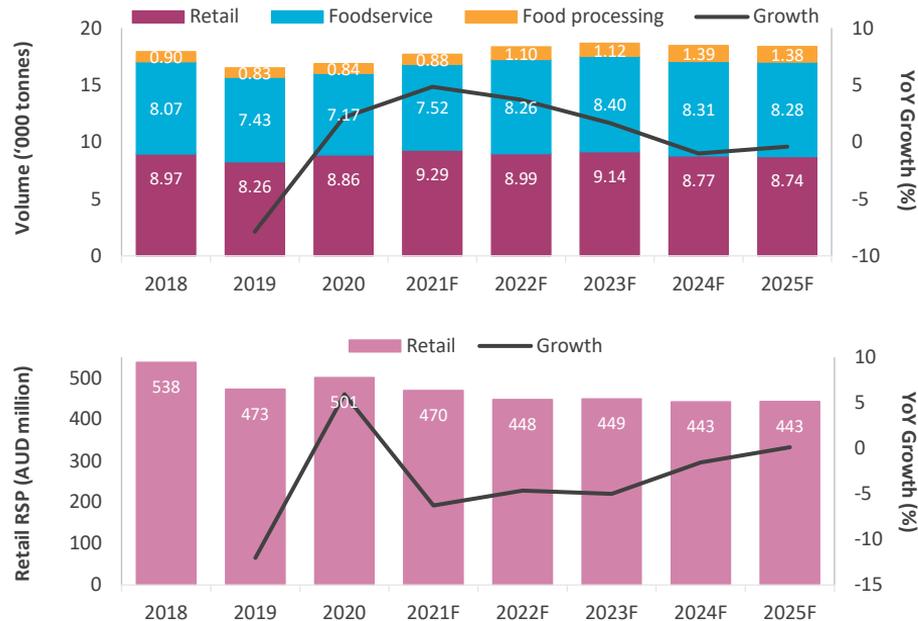
Market Volumes and Dynamics

Total abalone consumption is projected to increase slightly in volume terms over 2001-2025, by a 1% CAGR, driven by the trend for cooking seafood in various ways and a gradual rise in sales of processed products.

Retail maintained its leading position in 2020, with a volume share of 52.5%, followed by foodservice, with 42.5%. The share of retail is expected to decline over the forecast period, as foodservice and food processing are expected to see faster growth. The share of food processing is predicted to grow from 5.0% in 2021 to 7.5% in 2025, showing the highest growth rate of a 9.2% CAGR over the period, owing to the growing trend of processors providing home meal replacement kits. This growth will, however, be from a very small base.

Demand for abalone expected to remain stagnant, mainly due to decreasing interest among Koreans in making complicated seafood dishes

Abalone Consumption in 2018-2025



Source: Euromonitor International estimates as per information gathered from trade interviews

Note: Abalone covers HS Codes 030781, 030783, 030787, 030789.



Abalone

Total consumption:
16,870 tonnes, 2020

- Abalone consumption in South Korea is almost entirely met by local production, which accounted for more than 99% of overall demand in 2020. Local consumption in volume is predicted to increase by a 1% CAGR in volume terms between 2021 and 2025.
- Retail volume sales dominate the market, with 52.5% of volume in 2020, as consumers usually consume abalones made at home. Fresh abalone is the most consumed format in South Korea. The foodservice industry is, however, expected to narrow the gap, increasing its share of volume from 43% in 2020 to 45% in 2025, as the industry is expected to witness a rise following the easing of restrictions imposed during the COVID-19 pandemic.
- Food processing industries accounted for a minor 5% of overall abalone consumption by volume in 2020; however, the share of this industry is expected to grow to 8% by 2025 (from a small base). This is mainly due to the declining interest of South Koreans in cooking complicated dishes at home, and the gradual rise of processed products like dried abalone and abalone soy sauce.

Local Production Dynamics

Local production accounted for 99% of South Korea's abalone demand by volume in 2020. 80% of local production volume is from Wando island, and producers in Wando have established cooperatives or corporations to manage the whole supply chain. More than 90% of production was of fresh abalones in 2020.

Local production holds a dominant position in terms of share of total consumption

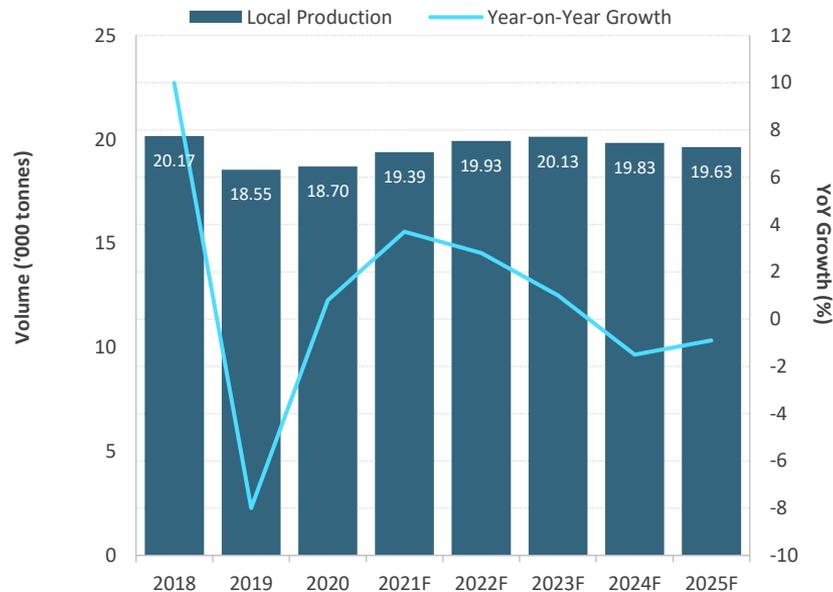
- **South Korea's production accounted for more than 99% of total consumption in 2020.** Over 90% of abalones are produced through aquaculture.
- Wando Abalone Producer Cooperative in South Jeolla Province accounted for more 80% of the nation's total production in volume terms in 2020.
- **Production has soared with the development of cultivation technology of fish in an enclosing net** since 2000. Abalone is considered to be a high value product, resulting in the expansion of the farming area and facilities.
- However, a **fall in prices as a result of over-production and sluggish consumption of fishery products** by the younger generations has slowed down growth production volume. **COVID-19 restrictions on restaurants** and a weaker export market worsened the situation further in 2020.
- In 2019, production witnessed a drop, for the first time since 2015, of 8% in volume. As a result of declining local demand, growth in production over the forecast period is expected to be weak, at a 0.3% CAGR.



Abalone

Production CAGR, 2021-2025:
0.3%

Abalone Production in South Korea 2018-2025



Source: Euromonitor International estimates as per Korea Agro-Fisheries & Food Trade Corporation

Trade Dynamics

Imports accounted for less than 1% of market volume in 2020. Imports are mainly of frozen products. While there were some imports from Australia in 2020, volumes were minimal.

Contribution of imports to total consumption remains low, but is anticipated to grow over 2021-2025



Source: Euromonitor International estimates as per Comtrade and insights from trade interviews
 Note: Abalone covers HS Codes 030781, 030783, 030787 and 030789.



Abalone

2.3% CAGR Imports, 2021-2025
 4.3% CAGR Exports, 2021-2025

- South Korea imports mainly frozen abalones, which are used as an ingredient in rice porridge and instant foods in foodservice and food processing. Imports are predicted to grow at a 2.3% CAGR in volume over 2021-2025, albeit from a small base.
- Key sources of imports include the Philippines and Indonesia, which have recently been joined by China and Australia.
- Exports are highly dependent on Japan and China, which accounted for 88% of total exports in 2020, and are entirely of fresh abalone. Exports are predicted to grow by a CAGR of 4.3% in volume over 2021-2025, because South Korean abalone is considered a premium seafood in terms of taste and quality, and is popular in Southeast Asia. Also, due to the abundance of local production and limited growth in local demand, prices of export goods are expected to be competitive with other competing markets.

The Philippines and Indonesia are the main sources of imports of frozen abalone, thanks to their price competitiveness

Philippines

8.5 tonnes (57.3%)

AUD223,000 (68.6%)

- HACCP certified product that has shape and meat quality close to that of South Korean abalone.
- Geographical proximity to South Korea, thus a shorter lead time to arrive at port.

Indonesia

5.8 tonnes (39.4%)

AUD84,000 (26.1%)

- HACCP certified product that has shape and meat quality close to that of South Korean abalone.
- All imports are in frozen and steamed format, immediately ready to cook, which is popular among small restaurants.



"Australian abalone is different from abalone produced in Korea in shape and taste, so it can attract consumers' attention if imported,"

- CEO at manufacturer

"In situations where prices are not guaranteed due to exceeding domestic production capacity, imports of live abalone, not frozen ones, will provoke a backlash from fishermen."

- Distribution manager at trade organisation

It is hard to comment on the perception or positioning of imported abalones, including those from Australia. This is mainly because there is extremely limited usage of imported abalones, owing to strong local supply. The market is unlikely to see a change in this situation.



Channel and Consumer Preferences

Abalone sales in South Korea are dominated by open-air seafood markets.

Abalones seen as a premium product, packaged in innovative ways to maintain freshness

Innovative delivery packaging provides consumers with fresh produce at home



Seawater and oxygen packaging, which enables the consumption of sashimi at home

In order to increase the survival rate of shellfish, delivery in oxygen packaging has been introduced, with shipping in purified seawater. Fresh products can be delivered within three hours in Seoul, allowing consumers to enjoy abalone at home. During the peak of the COVID-19 pandemic in 2020, Noryangjin Fisheries Wholesale Market provided a drive-through service for fresh products, as well as assorted sashimi which could be ordered through the seafood sales app Singingi.

Steady popularity as a premium gift for the Lunar New Year and Thanksgiving holidays

Abalone is considered in South Korea to be effective in rejuvenating, strengthening immunity and replenishing nutrition. It is consumed across age groups, and demand is high, especially in summer, as a stamina enhancing food. Wando live abalone has a high iodine content, and is thus used as a herbal medicine to treat diabetes and high blood pressure. Extra-large abalones in packages of 10-15 units are popular as a high-end gift in holiday periods, or to celebrate a promotion or childbirth.



Abalone over 110g per unit is mainly packaged as a premium gift in department stores

Preference for high-quality nutritious ingredients for use in home cooking



Grilled abalone butter is gaining popularity as a home dish for a variety of events

Due to longer periods being spent at home and restrictions on shopping hours, the consumption of healthy foods that the whole family can enjoy at home has soared. With growing concerns regarding immunity from COVID-19, retailers' promotions focused on abalone's high calcium and protein content. Trimmed products for easy cooking were sold, which helped to maintain sales. Grilled abalone butter is easy and convenient to cook, and goes well with white wine, which is popular among the younger generation.

Across all major retail channels, local abalones dominate, with almost no presence of imported products

Mainstream Supermarkets/Hypermarkets

Premium Supermarkets/Hypermarkets

Open Air Markets (Seafood)

Product Offer

- Emart, Lotte Mart, Home Plus and Hanaro Mart are large discount retailers. Their target customers are low-income households and the middle-income class.
- Stores only offer abalone from local producers, mainly from Wando island, and product types are limited to fresh and trimmed abalone. Fresh abalone is sold by weight and is trimmed.
- Frozen abalone are rarely displayed in stores due to weak demand.

- Supermarkets in department stores are considered premium, due to the strong presence of imported brands. Lotte, Hyundai and Shinsegae have their own high-end supermarkets.
- Stores mainly offer gift sets for holidays, which include local fresh, large sized abalone.

- Fish markets operate as both wholesale and retail markets. Individual customers can buy at a lower price than in other channels, so consumers who want to purchase in bulk often use markets.
- These markets deal with only local fresh products. Most sellers have restaurants in the market for retail customers.
- Abalone is sold by weight, and sizes range from 30g to 170g. Gift packaging is also provided.

Australian Brands' Positioning

- No imported products (including Australian) are sold in this channel, due to the strength of local production.

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Mainstream supermarkets procure abalone from local producers and wholesale markets

Mainstream Supermarkets/Hypermarkets

Premium Supermarkets/Hypermarkets

Open Air Markets (Seafood)

Shelf Space/Marketing

- No imported abalones were noted in store audits. Local abalone are usually stocked along with other fresh fish.
- In large sized stores, abalones are placed in a large tank in the middle of the fish section to emphasise their freshness.

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- In this channel, abalones are placed in large quantities in tanks by usually 5-7 pieces.

Procurement

- Retailers work directly with local producers or source from wholesalers. There is no imported abalone sold at stores, despite there being no official import restrictions. This is largely due to the strength of local production.

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Fresh abalone is placed in the fishery aisle in supermarkets and hypermarkets.



The main offering of premium supermarkets and hypermarkets is gift sets of large sized abalone.



Frozen abalone guts for home cooking are sold separately.



Washed abalone for sashimi or home cooking is sold by unit in supermarkets and hypermarkets.



Local steamed and frozen abalone is only sold by online markets.



Imported steamed and frozen abalone is hard to find in online stores.

Abalone is marketed as a stamina enhancing ingredient in restaurants

Abalone dishes are popular in foodservice



Chicken soup with abalone and ginseng is a popular menu in military camps

Abalone is often cooked as a soup with chicken and octopus to maximise energy enhancement. This reflects the eating patterns of Koreans, who traditionally eat soup at every meal. Chicken soup with abalone is a best seller not only in restaurants but also at institutions such as company cafeterias, military bases and schools. Abalone demand peaks in summer, although in 2020, increased health awareness owing to the impact of COVID-19 extended demand across the whole year.

Government policy to increase abalone consumption and support retail channels

As South Korean abalone production exceeds local consumption volume, selling prices have plummeted since 2019. The government launched a fishery consumption promotion project to create demand in the foodservice sector, as well as in retail stores. To revive shrinking consumption, abalone will be listed as basic meal item at military bases and provided to the cafeterias of public organisations.



School meal menu with abalone steamed rice

Local producers target the foodservice industry with various promotional activities



Prices are lowest at production sites

Wando Producers' Association aims to expand B2B sales to boost abalone consumption, and provides various promotions, such as price discounts and direct delivery.

Foodservice channels offer a variety of dishes using abalone to meet a wide array of consumer preferences

Full-service Independent/Chained Restaurants

Product Preferences

- The majority of independent/chained restaurants use local fresh abalone for all their dishes, because consumers consider them of good quality and flavour. Restaurants are required to indicate the country of origin of the main ingredients on the menu, and consumers are usually quite sensitive when it comes to quality.
- There are various dishes in restaurants that use abalones, mainly locally produced. Ramen using abalone to make a nutritious broth, with noodles added, is a popular dish. Other typical dishes include abalone matured in soy sauce, grilled abalone butter that young children can enjoy, and nutritious soup with boiled octopus.

Australian Brands' Positioning

- No imported products (including from Australia) are used in this channel, due to the wide availability of local products.

School Food Distributors And Military Meals

- School meals are operated by food distributors such as Hyundai Green Food and OURHOME, or by the school itself. Local abalone is used, given its nutritional value, which is important for growing children. Fresh and trimmed abalones are usually preferred.
- In this channel, abalone is served mainly by adding it to healthy foods such as samgyetang. Samgyetang is made with chicken, ginseng and garlic, and, despite being hot, is traditionally eaten when the weather is very warm.

- No imported products (including from Australia) are used in this channel, due to the wide availability of local products.

Large restaurants and food distributors secure their own supply directly from local producers

Full-service Independent/Chained Restaurants

Procurement

- Depending on the restaurant size, abalone is procured directly from local production sites or wholesale fish markets. For freshness and to maintain zero inventory, most restaurants order daily for use that day or at most the next day.
- Due to the use of aquaculture production techniques, seasonality rarely affects the availability of abalones, and products are usually available to restaurants at stable prices all year.

School Food Distributors And Military Meals

- School meals use the School Meal Electronic Procurement System, established by Korea Agro-Fisheries & Food Trade Corp in 2010. This is a system for contracting food ingredients with local producers and securing food safety and stable procurement. Under this scheme, schools in South Korea procure abalones directly from local producers, with little fluctuation in prices.
- Military meals are provided from the government stockpile or directly from local production sites.
- There is no impact from seasonality.

Use of abalone for food processing is still minimal, although there is increasing demand for abalone-based recipes and products

Versatile and easy to flavour sauce available for Korean soup and dishes



Abalone soy sauce containing 50% of Wando abalone extract

- Abalone soy sauce has been developed as a convenient sauce for people who want the flavour of abalone but do not have much time to cook at home.
- This sauce, retailed under the Jung Hae Yeon brand, offers high quality by reducing salinity by 50% and mixing abalone with soybean-based sauce.

Consumption of snacks with alcoholic beverages continues to be popular

- Dried food products are popular as snacks to serve with alcoholic beverages in South Korea. Thanks to more affordable abalone prices, consumers are willing to enjoy abalone as a dried snack, including as a luxury snack for energy recovery.
- Brands like Organic Nature and Sea Scent offer dried abalone. Prices are quite high, at AUD16.5 for 10g.



Dried abalone pickled in traditional Korean sauce

Home meal replacement (HMR) products are using a variety of ingredients



The first abalone meal products introduced in convenience stores

- South Jeolla Province developed HMR products using aquaculture abalone with GS Retail, and started selling them in 13,000 convenience stores nationwide.
- Abalone soy sauce paste and abalone red pepper paste are both available in convenience stores, and can be mixed with rice to provide a meal.
- The HMR market is growing rapidly, driven by an increase in the number of working women with little time to cook.

Food processing uses both fresh and frozen abalone, according to the type of product being manufactured

Abalone Processed Products

Home Meal Replacements/Meal Kits

Product Preferences

- The share of abalone used within food processing is small, at 5% in 2020. Use is, however, expected to grow in the coming years on the back of new product launches containing abalone or its extract.
- South Korean consumers are loyal to local fishery products, owing to their good flavour and nutrition. Most processing companies thus use locally produced abalones rather than imported ones.
- Small sized producers of abalone rice porridge sometimes use imported frozen abalone to reduce costs. Frozen abalones from Indonesia and the Philippines are popular. This channel uses both fresh and frozen abalone, according to the type of processed product.

- Home meal replacements/meal kits are a replacement for a regular meal for households. Consumers want to see the inclusion of healthy ingredients at a reasonable price in such products. Most food processors seek to reduce production costs, and use various ingredients, so imported abalone could be an option for them.

Australian Brands' Positioning

- No imported products (including Australian) are used in this channel, due to the strength of local production.

- Only a small quantity of imported abalones are used in this channel, due to the strength of local production. No Australian imports were used by this industry as of 2020.

While locally produced abalones account for the majority of procurement, processors also use imported frozen abalones in small quantities

Abalone Processed Products

Procurement

- For processed food products such as soy sauce, consumers are particular about each ingredient and the country of origin, so local abalone is preferred.
- Thanks to the development of aquaculture, abalone production has increased and supply is available all year, thus seasonality rarely influences the supply chain. This channel mostly procures abalone by making a contract with local producers.

Home Meal Replacements/Meal Kits

- Food processors/manufacturers have strong relationships with local producers to secure a steady supply and stable prices year-round. As abalone is increasingly being used for food processing, companies need to purchase abalone in bulk at a reasonable price.
- There is very minimal use of frozen imported abalones, and processors usually do not bargain much on prices due to the very limited quantities involved.

Distribution

Modern retailers in South Korea selling abalone are mainly large discount stores



E-mart Hypermarkets

Contact:

377 Ttukseom-ro Seongdong-gu,
Seoul 04781

Tel: +82 2 380 5678



Lotte Mart Hypermarkets

Contact:

269 Olympic-ro Songpa-gu, Seoul
05551

Tel: +82 2 1899 3000



Homeplus Supermarkets

Contact:

398 Hwagok-ro Gangseo-gu, Seoul
07567

Tel: +82 2 3459 8000



Costco Korea Wholesale

Contact:

40 Iljik-ro Gwangmyeong-si,
Gyeonggi-do 14347

Tel: +82 2 1899 9900

Most foodservice company business covers restaurants and food ingredients



Foodservice, restaurant service,
distribution of food ingredients

Contact:

30 Munin-ro Suji-gu, Yongin-si
Gyeonggi 16827

Tel: +82 31 525 2233



Food distribution, high-quality
food ingredient distribution,
foodservice

Contact:

25 World Cup buk-ro 54 gil Mapo-
gu, Seoul 03924

Tel: +82 2 2149 6114



Cooked meals, food, restaurants,
food ingredients

Contact:

32 Apgujeong-ro Gangnam-gu,
Seoul 06012

Tel: +82 2 3485 0551



Foodservice, food distribution

Contact:

8 Gumi-ro Bundang-gu Gyeonggi
13638

Tel: +82 2 1544 8272

Key food processing companies that use abalones are the likes of Dongwon



General food company

Contact:

68 Mabang-ro Seocho-gu, Seoul
06775

Tel: +82 2 589 3000



General food company

Contact:

165 Seonyu-ro Yeongdeungpo-gu,
Seoul 07268

Tel: +82 2 1644 6288



Manufacturer of food ingredients,
food, pharmaceuticals and
biotechnology

Contact:

330 Dongho-ro Jung-gu, Seoul
04560

Tel: +82 2 6740 1114



Food manufacturing company

Contact:

308 Yeongdong-daero Gangnam-
gu, Seoul 06177

Tel: + 82 2 2010 0114

Some small and medium sized frozen fishery importers deal with imports of abalones

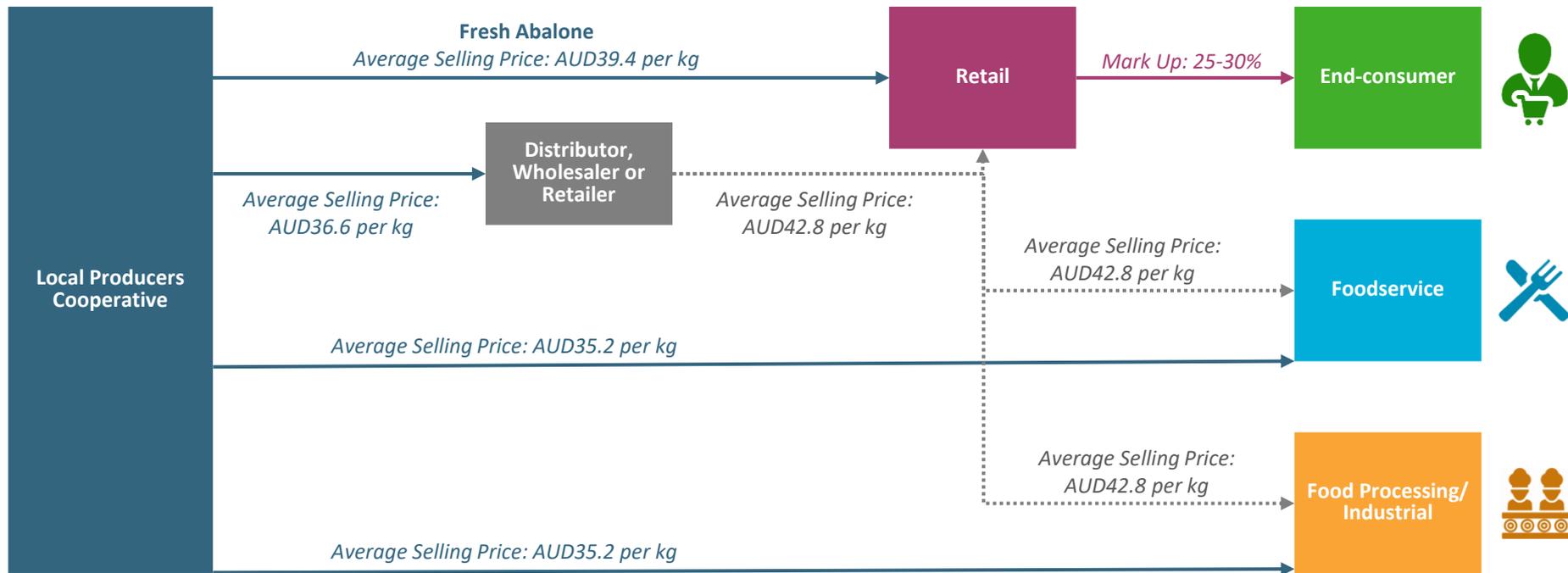
Company	Type	Contact Details	Website
Achim Global	Importer and distributor (frozen and dried seafood, food materials)	6, Seongnam-daero 858-gil Bundang-gu, Seoungnam-si, Gyeonggi-do 13519 Tel: +82 70 4680 6062	http://blog.naver.com/achimglobal global2@achim.co.kr
BuHeung Food	Importer and distributor (frozen and dried fishery products and processing)	118-78 Yangbeol-ro Opo-eup Gwangju-si, Gyeonggi-do 12796 Tel: +82 31 764 8325	http://buheungtrading.com sjlee@buheungtrading.com
B&F Global	Importer, distributor, and processor (frozen and dried fishery and livestock products)	8 Sangok-ro Hanam-si, Gyeonggi-do 13027 Tel: +82 31 794 5073	https://bnfglobal.co.kr
HaHa Seafood Trading	Importer (frozen fishery products, frozen storage business)	761 Eulsukdo-daero Saha-gu, Busan 49396 Tel: +82 51 266 8173	http://www.hahaever.com haha6388@naver.com

Pricing

Abalone prices have witnessed a downturn in the past 2-3 years, mainly due to excessive production and lower demand in South Korea.

Foodservice and food processing can purchase directly – avoiding mark-ups from intermediaries – while end-consumers pay a 25-30% retail mark-up for products

Locally Produced Products Supply Chain



Source: Euromonitor International estimates as per per interview inputs, store checks, and RSP/MSP retail pricing from Passport
 Note: Please note that average selling prices include tariffs and local taxes like retail taxes. Price variations between the channels are not provided as very few imported abalones were found in audits. Prices of fresh abalones presented here are indicative of the prices found in retail channels. No similar flow diagram is provided for imported abalones as they have a very limited presence in the market.

Competitive Environment

South Korea's abalone production is mainly from Wando Island, located in the southern part of the country. Wando Abalone Producer Cooperative is engaged in the whole supply chain to maximise profits.

Local producers lead the fresh abalone market, while some imported frozen varieties were distributed in 2020

Supplier	Total Volume Share 2020	Unique Value Proposition
Wando Abalone Producer Cooperative	82.3%	<ul style="list-style-type: none"> • The cooperative was established in 2013, and is involved in R&D regarding new species and fresh delivery methods. • Wando's seafloor provides the optimal conditions, for example its seaweed, producing enough purification and a lot of nutrients for abalone, including high amounts of calcium and magnesium. • The cooperative has a wide network, with 33 wholesale fish markets nationwide and 386 retail hypermarkets to minimise intermediate distribution margins. • A rapid delivery system and high-tech food safety equipment contribute to Wando's long-standing leading position.

Source: Euromonitor International estimates as per abalone volume shares

Fresh abalone for home cooking and prepared products like abalone rice porridge are among the best-selling product formats in the retail market

Small sized fresh abalone,
by Wando Abalone Co Ltd



Aquaculture abalone of 18-22 units per
500g

Local abalone is categorised into four types according to size. The best-selling product is small size, of less than 60g per unit, used for home cooking dishes. The recent introduction of oxygen packaging has increased freshness by including seawater with abalone. The price for this size is below 20.8 AUD/kg.

Yangban Rice Porridge with Abalone,
by Dongwon F&B



Launched in 1992 and the best-selling
product in rice porridge market

The company has a wide range of rice porridge as ready-to-eat breakfast products. To change the perception of rice porridges, which traditionally were consumed only by people who were ill, the company launched a bigger size of 420g for one or two people, with a 30% price discount. Ingredients can include seafood or vegetables.

Large sized wild caught abalone



Wild caught abalone of 10-15 units per kg

Extra large size abalones are sold as a premium gift for New Year's Day and Thanksgiving holidays. Wild caught abalone is twice as expensive as aquaculture products. Demand is higher in summer and autumn. Premium abalones are also sold as a celebratory gift for the birth of a child or a promotion.

Import and Trade Regulatory Landscape

Imports of abalones into South Korea are regulated by the Fishery Products Quality Control Act.

The Fishery Products Quality Control Act requires exporters to provide detailed information in Korean



Packaging Requirements

Reusable packaging for imported food safety is a critical element

- There are no specific regulations on packaging requirements for fishery products. **Imports are usually wrapped with labelling in Korean.**
- **The Ministry of Food and Drug Safety (MFDS) provides general standards for packaging and containers** for agricultural and marine products, based on Regulation No 2020-43.
- Containers or packages made of paper, metal, glass, plastic materials or synthetic resins that can be recycled must carry a **separation and discharge** mark. The mark is to facilitate the recycling of waste. **The sign should indicate the type of material of which the package is composed.**
- PVC, PP, PS, PVDV, PE, PET, or PF should be indicated for containers or packaging made of plastic materials. For metals, the type – eg iron or aluminium – should be indicated. Either a printed label or a sticker label is acceptable.



Labelling Requirements

Imported products require detailed information on the label

- **All imported food products are required to carry legible Korean language labels.** Stickers or tags may be used but should not be easily removable, nor should they cover the original label. Labels must contain the following information: product name, product type, importer's name and address, name of manufacturer, manufacturing date, shelf life or best before date.
- **Fishery product that are covered with transparent plastic wrap (excluding vacuum packaging) are exempt** from labelling requirements, and frozen products are not required to indicate the shelf life. Shelf life should be set on the basis of the import date, not the packaging date after arrival.
- The Fishery Products Quality Control Act governs **the import and export of fish and fishery products, inspection, country-of-origin labelling surveillance and certification of fishery products.** It introduced the HACCP system for seafood handling and processing facilities. Regulations have also been adopted that require the labelling of genetically modified (GM) fish products.

Source: Insights as per MFDS, APQA, KCS, as well as USDA FAS and ITA

Fishery products go through pre-inspection, sanitary procedures and inspections in customs clearance



Transportation Requirements

The detail information for transportation should be recorded

- Ships and vehicles carrying fishery products must **have coverings and cooling facilities to prevent contamination**. Transportation for sale and processing, the quantity sold/transported, vehicle number and specification, and the time and place of departure and arrival should be recorded. **Fishery products must not be mixed with other food products.**
- Following the introduction of the Seafood Traceability System, the import inspection application must be filled out in Korean and submitted to the MFDS. **All new-to-market products are subject to mandatory laboratory testing** conducted by the Animal and Plant Quarantine Agency (APQA), regardless of the weight.
- Lead times between South Korea and Australia (to Busan port) through maritime routes are **on average 13 days to arrive at the port and 2-3 days for customs clearance.**
- Imports of frozen fish or clams must pass through ports or airports where there are offices of the National Fisheries Products Quality Inspection Service (NFPQIS).

Source: Insights as per MFDS, APQA, KCS, as well as USDA FAS and ITA



Documentation and Customs Processes

Registration of food facilities with the Ministry of Food and Drug Safety is an important part of customs clearance

- **The Korea Customs Service (KCS)** is responsible for ensuring that all necessary documentation is in place before the product is released from the bonded area. The respective quarantine inspection authorities must clear products subject to plant or animal quarantine inspection before the KCS will clear them.
- **Required documents:** import declaration form, commercial invoice, certificate of origin, packing list, bill of lading, a certificate of inspection and maritime insurance certificate.
- Importers should apply for **business registration through the Ministry of Food and Drug Safety (MFDS)**. No product registration is required to import food products into South Korea. Registration with the MFDS is a mandatory requirement for any foreign food facilities exporting products to South Korea and MFDS on-site inspection is conducted to verify the sanitation status of foreign food facilities and to certify eligible establishments as a “Good Foreign Food Facility”.
- **A sanitary certificate of product registration for imported fishery products** is required as the occasion demands. The document ensures that products comply with all sanitary and epidemiological requirements.

Busan international port processes 50% of cargo volumes, while 30% goes through Incheon port, which is close to Incheon International Airport

South Korea's Ports of Entry



Busan Port, Busan

Located in the southeast of the country, Busan port is the busiest port in South Korea, and was the seventh largest port in the world in 2021. It provides port facilities for handling cargo, and 11 terminals for cargo and passengers. Busan port is specialised in roll-on/roll-off, storage facilities and handling of bulk cargo, with 77 extra large storage facilities and warehouses with a capacity of 20,000 tonnes. With a processing trade zone, value added activities including processing imported raw materials and labelling of intermediate goods for local companies are possible.

Incheon Port, Incheon

Incheon Port plans to build three berths (4,000 TEU-class) at its container dock by 2030, and develop a logistics complex with a total area of 5,865,000 sq m. This will establish a logistics cluster centre to deliver consumer goods in the Seoul metropolitan area through the construction of an underground road in Songdo, the largest city in Incheon. Imports can thus be delivered quickly when they arrive at Incheon Port. It will also introduce a cold chain to prepare for global e-commerce growth.



Busan port is the leading port in terms of freight traffic and facility size, and handles about 50% of cargo volumes in South Korea.



Incheon Port handled 30% of total cargo volumes in 2020. The port used is dependent upon the geographical location of exporting countries.

Opportunities and Challenges

As local production meets almost all of South Korean demand, overall opportunities for imports remain limited. However, in the long term, demand for imported frozen abalones might increase within the food processing sector, which could act as a gateway for imports into this otherwise local produce-reliant market. Nevertheless, the opportunities here will be limited, as the food processing sector accounts for less than 10% of overall abalone consumption in South Korea.

Note: Please note that opportunities and challenges slide that come after this slide in other reports are not added here. This is because the opportunities and challenges usually represent what the market has to offer for exporters which is not entirely applicable here as the market is largely met by local production.

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Thank you

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