



MARKET OPPORTUNITY KOREA

Organic Food & Beverage



**FOOD &
BEVERAGE**



**EU organic label now
recognised in Korea**



**Korea's organic
certification label**

OVERVIEW

- Alignment with Korea's Strategy for Green Growth has made the organic food and organic processed food industry a key sector for business activity.
- 18.73% annual growth by 2020 expected for Korea's organic market, boosted by the 5-Year Development Plan's aim to increase market share for eco-friendly products.
- Under the Korea-EU Equivalency Agreement (February 2015), companies carrying the EU organic certification label are recognised as "certified organic" in Korea. Ref. to EC No. 834/2007 for organic processed food requirements and EC No. 889/2008 for labelling.
- Second largest organic food market in Asia, with high growth potential.

Business Opportunities for EU companies

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

Sector Characteristics

- Steady annual increase in organic food imports since 2010. 60 to 70% of organic food is imported; the level of local production for processed organic products is negligible. Moreover, 85% of ingredients used for organic food processing is also imported.
- Reinvigorated growth in the organic sector predicted from 2017 as measures from the 5-Year Development Plan gain traction.
- High interest and demand for organic food at the consumer level, driven by increased buying power and high living standards.
- Growth in popularity of mass-produced, relatively inexpensive goods marketed as prestigious or luxurious.
- This has led to a growing number of stores specialising in organic products.
- Cooperation with major retailers has proven to be an effective approach in penetrating the organic market.



Funded by
the European Union

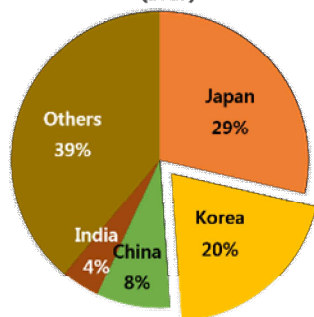
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ORGANIC MARKET SHARE IN ASIA (2013)



Key Players

Retail



First and largest discount retailer in Korea. 155 stores in country as of November 2015. Owner of a private brand (Jayunjuui) that sells organic products.



[NACF Hanaro Mart] A major retailer operated by the National Agricultural Cooperative Federation. Found mostly in outskirts and rural areas. Retailer of imported processed organic products.



[Choroc Maeul] An exclusively organic food retailer. 430 offline stores and an online store.



[Hansalim] Exclusively organic food and household goods consumer cooperative. Over 410,000 members from rural and urban areas across the country.

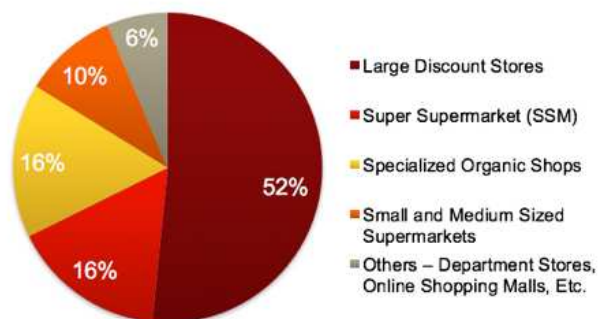


[Coupang] Korea's leader in e-commerce. An important distribution channel for accessible organic products.

Key Organic Food Imports

1.	Processed fruit and vegetables
2.	Bananas (fresh and refrigerated)
3.	Refined sugar products
4.	Brown sugar
5.	Dried soy bean
6.	Milled flour
7.	Wheat grain
8.	Wheat flour
9.	Tea
10.	Fruit and vegetable beverages
11.	Milk powder

Major Consumption Channels of Organic Food



Organic Food Processing



Owns "Orga", a leading food and bio-based company with a growing line of organic processed food that is expanding its international market.



Subsidiary of the CJ Group. A leading food and bio-based company with a growing line of organic processed food that is expanding its international market.



Maeil Dairy Industry Ltd is a leader in the Korean dairy industry, with a line of own-brand products recognised overseas. Dairies represent a high percentage of organic sales.

Korean Market Share Trends for Organic Food

	Market Share (Unit: Million €)			CAGR (%) (2011-2020)
	2011	2015(E)	2020(E)	
Ingredients	231	501	1100	18.94
Processed	290	612	1344	18.55
Total	521	1113	2444	18.73