



Food for thought

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Four key trends Australian food and
beverage exporters need to know
before entering the Korean market.



The background of the page features a collage of three national flags: the Australian flag (top left), the South Korean flag (bottom left), and the Malaysian flag (center). The Australian flag is partially obscured by a dark blue rectangular box containing the title. The South Korean flag is partially obscured by a white rectangular box containing the first paragraph of text. The Malaysian flag is visible in the center background.

About the Australia-Korea Business Council

This report has been developed by the Australia-Korean Business Council (AKBC). The AKBC is the leading national body committed to strengthening the Australia-Korea bilateral relationship. We exist on behalf of our members to deepen economic ties by connecting businesses, communicating opportunities and championing mutually beneficial policy and commercial outcomes.

The AKBC was established in 1978 to promote two-way trade and investment with Korea through economic cooperation, dialogue and cultural understanding. Our counterpart in Korea, the Korea-Australia Business Council (KABC) was established in the same year, and we maintain a close relationship through our annual AKBC-KABC Joint Meeting.

The AKBC is chaired by the Hon Simon Crean and led by an Executive Committee of outstanding industry and government leaders. We have a diverse membership base that includes government, business and academic institutions, all with wide ranging commercial interests in Korea.

Korea is one of Australia's largest bilateral trading partners and the opportunities for deepened engagement and economic success are increasing, particularly as many Australian businesses look to diversify their export markets.

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With more and more exporters observing the benefits of the Korea-Australia Free Trade Agreement, it can be easy to overlook some of the key trends and demographic drivers shaping consumer behaviour in Korea. The following report by the Australia-Korea Business Council outlines these trends and canvasses some of the most important cultural intricacies that are critical to successfully doing business in Korea.



1 | Introduction

Korea has a population twice that of Australia living in an area that is less than half the size of Victoria. More than 70 per cent of that land is mountainous, creating a highly urbanised landscape with little room for agriculture. Unsurprisingly, about 50 per cent of Korea's food needs are imported from overseas to meet domestic demand. And with Australian food and beverage exporters searching for new trade markets as a result of tensions with China, Korea is a prime market for exporters to target.

The Korea-Australia Free Trade Agreement (KAFTA), which came into force in December 2014, has resulted in more than 99 per cent of Australia's goods exports to Korea eligible to enter duty-free or with preferential access. For example, Australian goods such as wheat, raw sugar, seafood, cherries, almonds and wine attract little to zero tariffs. On 1 January 2021 the eight round of KAFTA tariff cuts come into effect, delivering benefits across a range of agricultural commodities. For example, beef tariffs will fall from 21.3 per cent to 18.6 per cent with the beef safeguard increasing to 174,087 tonnes and lamb tariffs will fall from 6.7 per cent to 4.5 per cent. The most recent KAFTA Joint Committee meeting recognised the increase in the two-way KAFTA preference utilisation rate, which was over 96 per cent for trade in goods in 2019.¹ And in January 2022, further progress on this front was made as the Australian Government announced that new market access was granted for southern rock lobster exports to Korea as well as further market access improvements for table grapes, citrus and meat products.²

Building upon the strong legacy of KAFTA, 2021 saw Australia and Korea celebrate the 60th year of diplomatic relations, capped by the President of the Republic of Korea, His Excellency Mr Moon Jae-in, visiting Australia to formally elevate our nations' relationship to a Comprehensive Strategic Partnership (CSP). The CSP will be underpinned by cooperation across three pillars: strategic and security; economic, innovation and technology; and people-to-people exchange. Under this second pillar – building on the first meeting of the Korea-Australia Committee on Agricultural Cooperation in 2021 – our two nations agreed to deepen ties on agriculture.

[1] Department of Foreign Affairs and Trade - *Fourth Meeting of the Korea-Australia Free Trade Agreement Joint Committee*, 9 December 2020

[2] Media Release, *Motion in the Ocean, rock lobsters to South Korea*, The Hon David Littleproud MP, Minister for Agriculture and Northern Australia 14 January 2022



KOREA AUSTRALIA
호주 한국
1961-2021

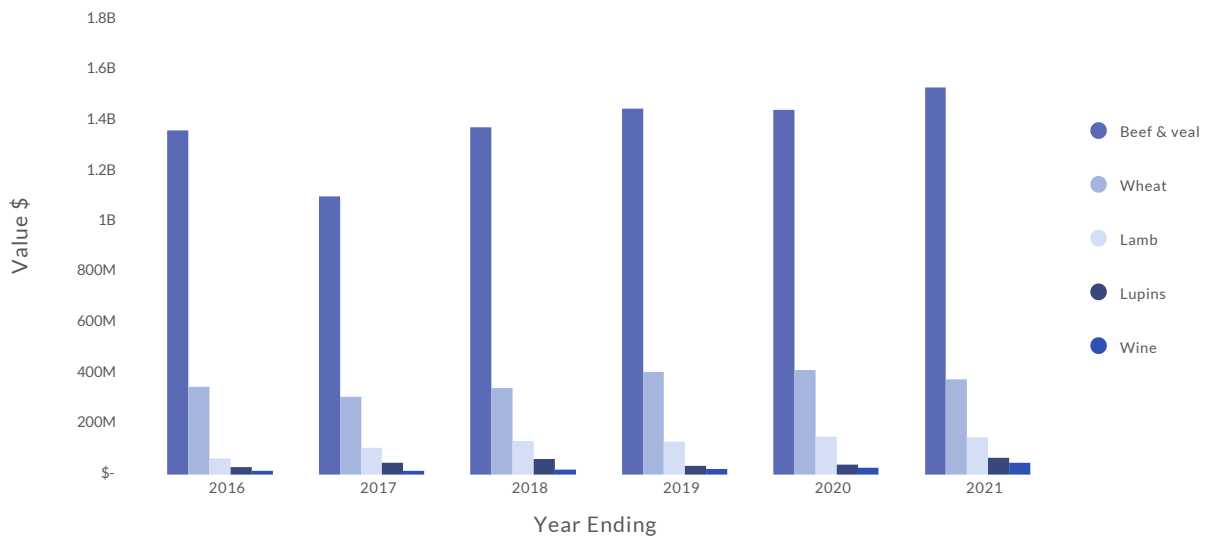
AN TABLE



KAFTA has levelled the international playing field vying for the Korean market – its benefits are clear and the opportunity to enhance cooperation in agriculture through the CSP are promising. Yet, while Korea may be our fourth largest trading partner, we have traditionally not been active (with notable exceptions, like beef) in the food and beverage market. This opens opportunities for Australian exporters to leverage and expand upon Australia’s strong reputation as a high-quality producer of clean, green and premium products. In particular, combined with a tailored and targeted market entry and promotional strategy, Australian exporters of premium packaged and premium fresh food and beverages have a strong growth opportunity in the Korean market.

Before taking that plunge, there are key trends and notable aspects of Korean culture that exporters should understand to maximise their investment, time and long-term success in the Korean market.

Figure One: Value of Australian exports to Korea



Source: ABS