



B.C. MINISTRY OF AGRICULTURE

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# MARKET GUIDE FOR B.C. AGRIFOOD AND SEAFOOD EXPORTERS

## SOUTH KOREA



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## SECTION 1: INTRODUCTION

The purpose of this guide is to assist BC agrifood and seafood exporters targeting the South Korean market by informing on key topics such as the Korean business environment; key regulatory agencies; finding and assessing buyers; distribution channel options; social and business customs; and the development and maintenance of relationships in Korea. The following table summarizes the key information in this guide:

<b>Introduction to the South Korean market</b>	<ul style="list-style-type: none"> <li>• South Korea is a densely populated, mostly urban market of 50 million people. In general, South Koreans are highly educated and skilled and are among the most digitally-connected people on Earth.</li> <li>• South Korean people work longer hours than most people in the west and so convenience products are popular offerings.</li> <li>• South Korean consumers are very trend-conscious and brand-loyal. They are very interested in the brands and products favoured by their peer group.</li> <li>• The Seoul Capital Area is home to over half of the national population and is responsible for up to 70% of the national retail sales. Other key metropolitan areas include Busan, Incheon, Osong and Ulsan.</li> <li>• Korea’s lack of arable land and their relatively high population causes the country to be a net importer of agrifood and seafood products.</li> <li>• Relative to the growth in South Korean imports from the world, Canada lost agrifood and seafood market share to competitors between 2012 and 2016, but increased the value of exports by 20%.</li> </ul>
<b>Market Readiness</b>	<ul style="list-style-type: none"> <li>• Market readiness is the first step to achieving sales in South Korea. You must ensure that your company and your products are fully compliant before you can begin to achieve sales in South Korea.</li> <li>• Key Korean agencies involved in import/export include: <a href="#">KCS – The Korean Customs Service</a>; <a href="#">MFDA – The Ministry of Food and Drug Safety</a>; <a href="#">MAFRA – The Ministry of Agriculture, Food and Rural Affairs</a>; <a href="#">APQA – The Animal and Plant Quarantine Agency</a>, and <a href="#">NAQS – The National Agricultural Product Quality Management Service</a>.</li> <li>• Exporters can refer to information on import requirements on the <a href="#">Korea Customs Service</a> website, discuss requirements with buyers in Korea, and can contact the <a href="#">Canadian Food Inspection Agency (CFIA)</a>, the <a href="#">Canada Border Services Agency (CBSA)</a> and the <a href="#">Trade Commissioner Service</a>.</li> </ul>
<b>Selling to South Korea</b>	<ul style="list-style-type: none"> <li>• BC exporters benefit from the <a href="#">Canada-Korea Free Trade Agreement (CKFTA)</a>. When fully implemented, this agreement will eliminate 86% of tariffs on agriculture products; however some limits are in place in the form of tariff rate quotas. Tariff rates as of January 2017 are included in <a href="#">Appendix 2</a>.</li> <li>• Routes to market include agents, distributors, retail, and e-commerce. Exclusive agreements are common for agents and distributors.</li> <li>• Websites, social media posts, promotional material, and all other printed material must be translated to the Korean language. Ensure that an SEO expert helps you to optimize your keywords and search terms for Naver, the leading search engine in Korea.</li> <li>• Trade show exhibitions, websites and social media can be used to build market interest in your products among consumers and importers.</li> <li>• Conducting due diligence in advance of any agreements, contracts or shipments is a crucial step.</li> </ul>
<b>Building Relationships in South Korea</b>	<ul style="list-style-type: none"> <li>• Establishing strong and trusting relationships is necessary in order to achieve success in the Korean market. Exporters need to prepare and plan to spend as much time as possible in Korea.</li> <li>• Being introduced through a common party is the best way to establish a relationship in Korea, and initial communication should be formal in nature.</li> <li>• Exporters that are not fluent in Korean will require the services of a trusted, experienced translator who is integrated into the team and can add value to meetings and negotiations.</li> <li>• Respecting social and business customs important. In particular you should be aware of the influence of Confucian values and the concept of face or “kibun”. Established relationships require ongoing maintenance through regular contact and reciprocal visits.</li> </ul>
<b>Export Support and Resources</b>	<ul style="list-style-type: none"> <li>• <a href="#">BC Trade and Investment Representatives</a> and <a href="#">Canadian Trade Commissioners</a> are located in Korea to assist you.</li> <li>• Exporters should make themselves aware of cost sharing programs and promotional support provided by provincial and federal agencies and organizations.</li> </ul>

## SECTION 2: INTRODUCTION TO THE SOUTH KOREAN MARKET

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### 2.1 – SOUTH KOREA’S ECONOMIC ENVIRONMENT

South Korea is a densely populated country located on a peninsula between mainland China and the islands of Japan. It is about one-tenth the size of British Columbia in area, and most of the approximately 50 million residents live in urban areas. South Koreans are among the most digitally-connected people on Earth, with extensive broadband penetration and high average internet connection speeds throughout the country. In general, the workforce is highly skilled and highly educated, and the country is endowed with extensive advanced infrastructure including a high-speed rail network connecting most major cities. South Korea is rated by the World Bank as among the most favorable jurisdictions in general for conducting business, and in 2015 was the world's 11<sup>th</sup> largest economy and 8<sup>th</sup> largest trading nation.

Seoul and its surrounding metropolitan area, known collectively as Sudogwon or the Seoul Capital Area (SCA), is home to over half of the South Korean population, and up to 70% of the total retail sales of the country are made in the SCA. It is one of the largest metropolitan areas in the world and is the uncontested commercial, financial and industrial center of South Korea. The economic importance of Seoul cannot be overstated; however, there are several other important urban centres that exporters should be aware of, including:

- **Busan (officially Busan Metropolitan City).** The largest port city in the country and site of the annual [Busan International Seafood & Fisheries Expo](#).
- **Incheon (officially Incheon Metropolitan City).** The third largest urban area in Korea and a key transport hub with a large seaport and airport. Incheon’s goal is to transform three of its districts (Songdo, Yeongjong and Cheongna) into the logistics, leisure & tourism and international business hubs of Northeast Asia.
- **Osong Bio-Technopolis.** South Korea's first bio cluster, located 170km south of Seoul.
- **Ulsan.** Located in the south-east of the country and home to South Korea’s large shipbuilding cluster and the world’s largest automobile assembly plant.

Participating in South Korean economy has become less prohibitive for B.C. exporters with the implementation of the [Canada-Korea Free Trade Agreement](#) (CKFTA), which came into effect on January 1<sup>st</sup>, 2015. When fully implemented, this agreement will eliminate 86% of tariffs on agriculture products, provide enhanced and preferential market access and generate a price advantage that will likely facilitate the expansion of B.C. exports to South Korea. Tariff rates as of January 2017 are included in [Appendix 2](#) of this guide.

### 2.2 – SOUTH KOREA’S AGRIFOOD AND SEAFOOD SECTOR

South Korea is a mountainous country without enough arable land to meet domestic demand for food. As a result, the country is self-sufficient in only a limited number of key agricultural commodities and relies heavily on imports to satisfy national food requirements. While the seafood sector is less constrained than the agriculture sector (i.e. the Korean peninsula is surrounded by ocean), fisheries do

not meet domestic demand, and as a result seafood imports, along with aquaculture production of seaweed, shellfish, finfish and other marine life has increased significantly in recent years.

### 2.3 – SOUTH KOREA’S AGRIFOOD AND SEAFOOD IMPORTS

South Korea is a net importer of agrifood and seafood products, selling approximately \$7.5 billion to the world in 2016 but buying over three times that amount back (\$26.9 billion). The country is relatively unable to increase domestic production and so will continue to be a significant purchaser of agrifood and seafood products from world markets into the future. Many people in South Korea have high incomes and per-capita food consumption in the country is also relatively high, so the rate of overall food imports to the country is expected to grow only modestly. However, demand for healthy, easy-to-cook and semi-processed food is anticipated to grow as the Korean public becomes increasingly busy and health conscious. As such, products capable of blending both convenience and health will likely be better-than-average performers.

In 2016, total agriculture and seafood exports to South Korea from Canada totalled over CDN \$700 million, which represents an increase of 20% over the in value exported in 2012. However, Canadian companies lost Korean market share to global competitors. As shown in the following table, from 2012 to 2016 Germany increased the value of agrifood and seafood exports to South Korea by 128% and increased their market share by 65%. Other winners in the sector included Russia (36% increase in market share), Vietnam (9%), the United States (4%) and China (3%).

*Table: Value of Agrifood and Seafood Exports to South Korea, Top 10 Supplying Countries 2012-16*

Country	Value of Exports (\$ Million)			Market Share		
	2012	2016	%-Change	2012	2016	%-Change
<b>United States</b>	\$5,872	\$8,466	44%	23%	24%	4%
<b>China</b>	\$3,413	\$4,843	42%	13%	14%	3%
<b>Australia</b>	\$2,622	\$3,378	29%	10%	9%	-7%
<b>Brazil</b>	\$1,669	\$2,242	34%	6%	6%	-3%
<b>Vietnam</b>	\$855	\$1,291	51%	3%	4%	9%
<b>Russia</b>	\$686	\$1,285	87%	3%	4%	36%
<b>Argentina</b>	\$940	\$957	2%	4%	3%	-26%
<b>Germany</b>	\$378	\$864	128%	1%	2%	65%
<b>Thailand</b>	\$847	\$774	-9%	3%	2%	-34%
<b>Canada</b>	\$603	\$723	20%	2%	2%	-13%

The following table describes the class (by 2-digit HS code) of agrifood and seafood products that, for each of the top supplying countries, achieved the highest rate of growth in value of exports to South Korea between 2012 and 2016.

*Table: Largest percentage increases in exports, by 2-digit HS code for top 10 supplying countries to Korea, 2012-16*

Country	Product (by HS Code), Growth Rate in Value of Exports 2012-16
<b>USA</b>	Products of the milling industry; malt; starches; inulin; wheat gluten (+247%) Miscellaneous edible preparations (+133%) Animal or vegetable fats and oils and their cleavage products (+125%)
<b>China</b>	Products of the milling industry; malt; starches; inulin; wheat gluten (+298%) Tobacco and manufactured tobacco substitutes (+264%) Cereals (+176%)
<b>Australia</b>	Edible fruit and nuts; peel of citrus fruit or melons (+361%) Beverage, spirits and vinegar (+223%) Live trees and other plants; bulbs, roots and the like; (+163)
<b>Brazil</b>	Live animals (+5,100%) Edible fruit and nuts; peel of citrus fruit or melons (+1,331%) Animal or vegetable fats and oils and their cleavage products (+155%)
<b>Vietnam</b>	Lac; gums, resins and other vegetable saps and extracts (+1,910%) Preparations of vegetables, fruit, nuts or other parts of plants (+859%) Edible fruit and nuts; peel of citrus fruit or melons (+490%)
<b>Russia</b>	Cereals (+5,829%) Tobacco and manufactured tobacco substitutes (+3725%) Preparations of cereals, flour, starch or milk; pastrycooks' products (+891%)
<b>Argentina</b>	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit (+1,874%) Live animals (+145%) Fish and crustaceans, molluscs and other aquatic invertebrates (+131%)
<b>Germany</b>	Cereals (+5,667%) Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates (+876%) Sugars and sugar confectionery (+516%)
<b>Thailand</b>	Edible fruit and nuts; peel of citrus fruit or melons (+309%) Coffee, tea, maté and spices (+302%) Cocoa and cocoa preparations (+277%)
<b>Canada</b>	Dairy produce; birds' eggs; natural honey (+280%) Beverages, spirits and vinegar (+207%) Animal or vegetable fats and oils and their cleavage products (+162%)

Agrifood and seafood exports from BC to South Korea are concentrated in food preparations for manufacturing & natural health products, which in 2016 were responsible for 63% of the total value of BC agrifood and seafood exports to South Korea.

*Table: Top 5 BC Agrifood and Seafood Exports to South Korea, 2014-16*

Commodity	Value of Exports (\$ Millions)			2015-2016 %-Change
	2014	2015	2016	
Food Preparations for Manufacturing & Natural Health Products	20	32	40	+24%
Alfalfa, Fodder & Animal Feeds	1	3	3	-20%
Oilseeds	0	1	3	+421%
Shrimp & Prawns	0	0	2	+2,282%
Oil & Oilcakes	0	0	1	+100%
<b>Total top 5</b>	<b>21</b>	<b>36</b>	<b>49</b>	<b>+36%</b>
Rest of Products	13	18	15	-17%
<b>Total – All BC Agrifood &amp; Seafood exports to South Korea</b>	<b>34</b>	<b>54</b>	<b>64</b>	<b>+17%</b>

## 2.4 – CULINARY CULTURE, CONSUMER LIFESTYLES AND CUSTOMER EXPECTATIONS

It is important for you to undertake detailed market research specific to your sector and products in order to understand how your market is affected by consumer lifestyles and culture in Korea. However, the following are general trends and features of South Korean consumer patterns to be aware of:

- **Korean people tend to work longer hours than western counterparts. This reduces the time they have available for grocery shopping and meal preparation, and benefits products that offer convenience and time savings to consumers.**
  - Korea is one of the largest consumers of convenience foods globally, with about three quarters (74%) of South Koreans consuming convenience foods at least once a week.
  - The convenience trend most supports the sales of frozen food, packaged food, smaller food sizes and home meal replacement (HMR) products.
  
- **South Koreans are among the most digitally-connected people on Earth. This makes social media and other internet campaigns effective ways of advertising, and has led to innovation in the retail sector.**
  - Nearly the entire Korean population uses the internet regularly, and online shopping for groceries is the fastest growing retail segment.
  - Most grocery retailers and hypermarket companies operate e-commerce sites and provide free delivery that can arrive at a customer's location within hours.
  
- **Korean consumers are trend-conscious and brand-loyal.**
  - Young consumers in particular have a growing taste for new, different and often imported food experiences. Japan has long been the leading conduit of new foreign food culture and products; however Korean consumers are also influenced by other international markets, including London, New York, and Paris.
  - Brand-loyalty is strong. This dynamic can make entering the market difficult but will reward companies that can maintain a presence in the market over the medium to long term.
  - Korean consumers tend to identify with the brands and products valued by their peer group rather than being early-adopters.
  
- **An aging population and rising obesity levels have renewed the emphasis on healthy eating and wellness among the general public.**
  - Sales of fresh and healthy packaged foods are rising and many consumers are willing to pay more for higher quality items and for foods believed to benefit their health. This includes chilled processed foods which are often perceived to be fresher than frozen and dehydrated foods.
  - Koreans are increasingly interested in organic food and foods made with natural ingredients containing fewer preservatives and other additives.
  
- **Sensitivity to food safety issues is prevalent in the Korean market.**
  - Korean consumers are extremely sensitive to food safety issues and tend to trust products of local origin over imported items.
  - However, Canadian food products that meet and can clearly communicate the food safety and quality expectations of South Korean consumers have a good possibility of acceptance in the market. It is important to clearly display the country of origin and traceability details of your

product. This is especially true in the case of fish and seafood products as consumers remain concerned over the 2011 nuclear disaster in Fukushima, Japan.

- The image of Canada as a multicultural country with abundant natural resources and a clean environment helps position exports from B.C. favorably and should be reflected in your value proposition. However, keep in mind that competitors from other countries (e.g. New Zealand, Australia, Norway) make similar claims about the clean source and high quality of their products and natural environment so often this alone is not enough to effectively differentiate products in the market.

## 2.3 – MARKET INTELLIGENCE

As with any market, prior to expanding sales to Korea you will need to conduct market research specific to your product line. While it can be a lengthy process it should not be overlooked as many of the problems that foreign companies encounter when doing business in South Korea could have been avoided by carrying out reliable intelligence at the outset. In addition to answering specific questions you might have, good market research allows you to:

- Determine if there is a potential market for your product;
- Understand the strategy, strengths and weaknesses of your major competitors;
- Strategize how best to position your product (e.g. price, packaging, value proposition) and leverage the highest potential competitive advantage;
- Minimize the risk of making a poor investment decision.

The following approaches and sources can be used to gather market information.

- **Consult with government agencies and industry associations active in your sector.**
  - These could include: [B.C. Trade & Investment Representatives](#), [Canadian Trade Commissioners](#), [Agriculture and Agrifood Canada](#), [Small Business BC](#), [Global Affairs Canada](#), the [Embassy of Canada to Korea](#) and chambers of commerce including the [Canadian Chamber of Commerce in Korea](#).
- **Conduct online research for available material.** Many of the following resources provide market-specific information free of charge, but there may be a fee to access larger quantities of intelligence or information that is particularly valuable or difficult to source.
  - [Canada Business Network](#) is a hub for the Canadian export market that includes links to market and sector information, trade statistics and sources of trade leads and potential partners.
  - [CIA World Factbook](#) is a reference resource with almanac-style information about the countries of the world. It provides summaries of the demographics, geography, communications, government, economy, and military of most of the countries of the world.
  - [Economist Intelligence Unit](#) is the research and analysis division of The Economist Group and world leader in global business intelligence.
  - [Food and Agriculture Organization of United Nations \(Statistics Division\)](#) is a source of knowledge and information related to agriculture, forestry and fishery.
  - [Korea Food Market Media Reports](#) are compiled and published on a weekly basis by the U.S. Agricultural Trade Office.
  - [Global Trade Tracker \(GTT\)](#) offers original trade statistics from the world's principal trading countries.

- [Korea's Agricultural Import Statistics](#) are available as monthly summaries by the U.S. Agricultural Trade Office.
  - [Santander Trade Portal](#) is a resource that provides access to 40+ worldwide databases, 10,000 pages of information on 185 countries, and more than 150,000 suppliers and importers.
  - [Statistics Korea](#) produces and makes available the national statistics for South Korea.
  - [United States Department of Agriculture's Global Agriculture Information Network \(GAIN\)](#) provides information and reports about the agricultural economy, products and issues in foreign countries that are likely to have an impact on trade.
- **Access a global research firm that conducts regular market intelligence in Korea.** The following is a sample of intelligence companies which are available to exporters, and it is possible you will find a suitable firm that is not listed below. Information from these sources will not generally be provided free of charge, but may be the only way to source certain information.
- [Development Bank Canada](#) provides industry experts to identify the right collection tools and to handle data mining and analysis.
  - [Euromonitor International](#) is a leading provider of global business intelligence and publishes industry, country and global reports.
  - [Global Research & Data Services](#) publishes reports from over 200 industries and 100 countries, providing difficult-to-find market data.
  - [Hoovers Research](#) provides reports across a range of industries including the food & beverage sector. Global reports by Hoovers Research provide regional and country-level market analysis.
  - [Nielsen](#) studies consumer trends and habits in more than 100 countries.
  - [Planet Retail](#) is a leading provider of global retail intelligence.
  - [Stratistics Market Research Consulting](#) reports provide strategic recommendations, market forecasts, and competitive landscaping.
  - [VPG Market Research](#) publishes international market research for corporate executives and key decision-makers in the food & beverage industry, among others. VPG has clients in 70 countries and provides market intelligence and strategic insights.
- **Visit the market personally:**
- Do not underestimate the value in simply taking a trip to Korea yourself to gather first-hand insights and intelligence. It can be very powerful not only in terms of talking to potential buyers and distributors but also in terms of identifying competing products. Visiting different supermarkets, hypermarkets, grocers and retailers can be invaluable as it allows you to get a sense of products and packaging in Korea and allows you to assess the price range and market approach used by potential competitors.

## SECTION 3: MARKET READINESS

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The first step to achieving sales in Korea is ensuring that you are market ready. This means that your product is eligible for export to Korea and you are compliant with all necessary requirements, standards, and regulations, including labeling, testing, inspection, and customs clearance preparations. Only then can you actually sell your products to Korean buyers.

### 3.1 – SOUTH KOREAN AGENCIES INVOLVED IN OVERSEEING IMPORTS

The Korean government places a high priority on food safety. Upon arrival in Korea imported products are subject to mandatory documentation and inspection requirements administered by the following agencies.

- **[KCS - The Korea Customs Service](#)**
  - KCS is responsible for ensuring that all imported shipments have satisfied every requirement including documentation, inspections and payment of import tariffs before releasing the product.
  - The Korean Customs Service's Electronic Data Interchange (EDI) system for paperless import clearance allows importers to make an import declaration by computer without visiting the Customs House.
  
- **[MFDS - The Ministry of Food and Drug Safety](#)**
  - The MFDS must clear shipments before customs will process the shipment.
  - The Ministry identifies prohibited ingredients in processed foods, enforces labelling standards, ensures weights and measurements are correct, verifies that products have sufficient shelf-life to be sold in the country, produces food safety certificates, undertakes document inspection, visual inspection, laboratory inspection (for new-to-market products), random inspection and incubation tests.
  
- **[MAFRA - The Ministry of Agriculture, Food and Rural Affairs](#)**
  - The Ministry establishes and enforces regulations pertaining to overall agricultural policy and quarantine inspection of agricultural products. They provide food safety and health certificates, and conduct product and ingredient testing.
  
- **[APQA – The Animal and Plant Quarantine Agency](#)**
  - The APQA is involved when quarantine and related testing is required, and they must also clear shipments before Korea Customs Service will release imported plant and animal products.
  
- **[NAQS – The National Agricultural Product Quality Management Service](#)**
  - Responsible for establishing quality standards for agricultural products, enforcing country of origin marks, enforcing organic labeling for fresh and processed food and determining organic equivalency with foreign countries.

### 3.2 – REQUIREMENTS, STANDARDS & REGULATIONS

The key steps in becoming compliant with Korean import requirements are described below. Exporters can find additional information on import requirements on the [Korea Customs Service](#) website, and by

discussing requirements with your buyer(s) in Korea, the [Canadian Food Inspection Agency \(CFIA\)](#) and [Canada Border Services Agency \(CBSA\)](#).

Requirements depend on the type of agrifood or seafood product you are exporting and so the steps you need to take to become market ready will vary by your sector and product. At a minimum you should be aware of the following information:

➤ **Certification and testing requirements**

- Depending on your product you will require certain certificates that may include food safety/public health attestations, animal health attestations, or both.
- Many of the certifications and testing required will be familiar to you as similar requirements may be in place within the Canadian market or other export markets you are familiar with.
- All exporters should confirm product requirements with the [CFIA](#) and [Korea Customs Service](#).

➤ **Labelling Requirements**

- All goods imported to Korea must be labelled according to legal standards. Standards for most food labels are implemented by the [Ministry of Food and Drug Safety](#); the [Ministry of Agriculture, Food and Rural Affairs](#) regulated labelling of livestock products.
- Depending on the product the information required on labels includes: product name and product type; name and address of distributor; country of origin; name and address of manufacturer; date of manufacture in the case of ready to eat foods; sugar, salt and nutrient content; net weight and measures; major ingredient listing; packaging materials used (if synthetic); shelf life or best before date (generally required to have a 6-12 month shelf life); additives or allergens; and, any other product specific labelling standard such as public health warnings.
- You should verify labels before you ship your products as they are unlikely to clear customs if the labelling does not conform to Korean requirements.
- All product labels need to be in Korean but can provide additional information English.

➤ **Customs and Logistics**

- First-time exporters are required to provide a test shipment in order to clear the customs process. This typically takes two weeks. For subsequent shipments one week processing is normal. These times should be taken into consideration and accounted for when shipping to Korea.
- In general, Korean importers will advise you of the necessary documentation for shipments, which for the vast majority of products include: commercial invoice; certificate of origin; packing lists; bill of lading; maritime insurance; product description and ingredient list; processed method; names and contents of all food additives; health certificate if applicable; and other relevant certification such as organic or non-GMO certificates.
- Packing units and the number of cartons/boxes should all match the shipping documents. Any failure to comply with Korean regulations will result in delayed or rejected shipments.
- The Harmonized Commodity Description and Coding System (HS) is an international goods classification system to categorize and identify imported and exported goods in international trade in order to determine appropriate duty fees, freight documentation, etc. HS compliance is a mandatory component of the declaration of goods when entering or exiting a country, and mistakes or omitted HS codes can result in delays or refusal of entry. If you are unaware of the correct HS code(s) for your product(s) it can be found using [Canada Post's online tool](#).

➤ **Tariff-Rate Quotas**

- Korea maintains a tariff quota system designed to stabilize domestic commodity markets. This means that for some agrifood and seafood products there is a maximum allowable import volume under the CKFTA tariff schedule. See [Appendix 2](#) of this guide for more information.

## SECTION 4: SELLING TO SOUTH KOREA

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### 4.1 – ROUTES TO MARKET

An increasingly diverse range of channels are available for consideration when designing your Korean market entry strategy. Finding the right route and the right partner to represent you in the Korean marketplace is crucial. Exclusive agreements are common in Korea and having the right partner can be the difference between success and failure. Always perform due diligence prior to establishing a contractual relationship with a Korean company (see [Section 4.3: Due Diligence and Avoiding Scams](#)).

#### 4.1.1 Agents and distributors

- **Most foreign exporters rely on agents or distributors to represent their business in Korea.**
  - Trading agents do not take ownership of your goods but act as a representative in exchange for sales commission. The food service and food manufacturing sectors rely heavily on trading agents.
  - Importers/distributors buy your goods and sell them to wholesalers, retailers or consumers, adding a margin to collect as their fee.
  - Importers/distributors charge higher fees than agents because distributors usually carry inventory, extend credit for customers, and are responsible for marketing efforts.
- **Exclusive agreements with agents, importers and distributors are common in Korea.**
  - Many buyers in Korea will seek the exclusive right to sell your products for at least two years. This can be helpful for establishing new products in the market and B.C. exporters may decide that such an agreement is beneficial in order to be supported by active marketing efforts conducted by the exclusive buyer in Korea. However, as with any contractual agreement, the decision to enter an exclusive agreement must be made deliberately and carefully.
- **If you wish to validate the authenticity of agents or distributors in Korea**, contact a [B.C. Trade and Investment Representative](#) or a [Canadian Trade Commissioner](#) for guidance.

#### 4.1.2 Retailers

- **The South Korean grocery market is relatively fragmented with the top five retailers accounting for around a quarter of the market.**
  - Top retailers have shifted their focus towards developing smaller supermarkets and convenience stores as the hypermarket segment has become saturated.
- **Korean retailers generally rely on independent importers or distributors to source imported food and agricultural products rather than directly importing from foreign suppliers.** However, there is variation in this rule depending on the type of retail establishment.
  - *Grocery Supermarket segment (Lotte Super, GS Super, Homeplus Express and E-mart Everyday).* Leads the retail sector in terms of market share. However, they typically carry fewer imported food products compared to hypermarkets and rely on importers and distributors for their supply of imported goods.
  - *Hypermarket segment (E-mart, Homeplus, Lotte Mart, Costco).* These retailers will purchase directly from overseas suppliers to differentiate their product lines. E-mart is most active in

direct purchasing and imports from 47 countries. Costco also imports products directly; if your product is sold at Costco in Canada then direct sales to Costco Korea are more likely.

- *Convenience Store segment (Family Mart, CU, 7-Eleven)*. Convenience stores work through importers to source some international products including beverages, confectionery, and ice cream.
- *Department Store segment (Lotte, Shinsegae, Hyundai)* Premium food sections at department stores are increasingly common and tend to differentiate themselves from discount stores by responding to changing tastes and consumption patterns. They do not tend to import directly so you will need to work with an importer to reach this segment.

#### **4.1.3 E-commerce companies**

- **Korea has the most advanced e-commerce environment in the world due to high-speed and widely available internet connections.**
  - B.C. exporters can sell directly to select e-commerce companies (most large retailers operate e-commerce sites) but it is still more common to use importers or distributors with established access to the e-commerce market. Discuss e-commerce capacity with your potential importer or distributor, especially before committing to an exclusive agreement.
- **Online food and drink purchases are growing quickly in Korea.**
  - South Koreans spent an estimated CDN \$4.8 billion on online food and drink purchases in 2015. By 2020 the total is expected to increase to \$7.7 billion.
- **E-commerce trends support the tech-savvy and time-crunched nature of Korean consumers.**
  - For example, in 2011, the UK based retailer Tesco introduced the world's first virtual supermarket, where consumers could use their mobile phone to take scan items on advertisements in the subway system to have them delivered direct to their homes.
- **E-commerce is not well suited for all products.**
  - To be successful, you need to develop brand awareness and sustainable market demand. E-commerce is best suited to products that will have a fast turnover of stock and a large, consistent supply.

## **4.2 – DEVELOPING IMPORTER AND CONSUMER DEMAND**

Once you determine which route-to-market is best suited for your product and company, you will need to develop a strategy that includes both B2B (business to business) and B2C (business to consumer) approaches in order to be successful in Korea. Engaging buyers, importers and distributors in Korea is important because they will make up your supply chain and routes to market. They can be extremely valuable sources of local knowledge and contacts and will work to promote your products and services. However, as with any market, demand will drive your sales, so it is important for you to consider B2C strategies to create awareness and interest in your product among Korean consumers.

### **4.2.1 Food Exhibition Shows**

Trade shows are a popular marketing tool for business and are increasingly important to comprehensive export strategies. They allow companies to interact and forge new partnerships with a diverse group of potential buyers within one location. They can be a useful way to gather market intelligence, especially

if you are new to the market, and can be particularly useful if your company lacks a third party introduction to a Korean firm. There are three major agrifood and seafood exhibitions annually in Korea:

- [Seoul Seafood Show](#)
- [Busan International Seafood & Fisheries Expo](#)
- [Seoul Food and Hotel](#)

Participating in trade shows can be relatively costly, so it is important to understand the show and the audience you will be interacting with and to be sure that your approach to food exhibitions is designed to give you best possible chance at turning interest developed at the show into actual business. Many unprepared businesses end up being disappointed that the large number of conversations and apparent interest at shows do not translate to real sales.

➤ **Preparing for the show**

- If possible it is good idea to book appointments with prospective clients and buyers ahead of time and to inform current and potential clients that you will be at the show.
- You will need to develop professional displays and promotional materials and should strongly consider bringing product samples to distribute at the show. Begin the development of materials early, ensure the material is translated into Korean, and do not bring samples that are out of date.
- Determine customs and import regulations that pertain to your sample products. At a minimum you can consider bringing empty packaging to showcase how your product appears on the shelf.

➤ **Differentiate your products and brand from other exhibitors.**

- Larger booths tend to create a bigger impact.
- Consider joining a delegation of Canadian firms to be part of a large presence and to effectively trade on the Canadian brand. Joining an [AAFC Canadian Pavilion](#) is a great approach to attending trade shows, especially for new or smaller exporters.

➤ **Develop a strategy for converting inquiries into meetings and business.**

- Trade shows are about generating qualified leads. Your exhibit should target specific prospects that are interested in the products you are selling.
- The longer prospective leads are left unattended, the less likely they are to evolve into business opportunities. Do not rush to be on the first plane out as the event ends. Being available for meetings with potential buyers the week after a show is a good strategy.

#### **4.2.2 Websites and Social Media**

You can use your website and social media to boost consumer demand by providing real-time client interaction and tailored content for your target audience. This is particularly true in Korea where nearly all consumers are active internet users.

➤ **Establishing an online presence can be an effective way to drive consumer and importer demand for your products.**

- Your website should be in the Korean language and displayed in a Korean style. People will search using Korean script on Korean search engines and these will generally not pick up English words.

- Most Koreans use mobile phones to access the internet and conduct e-commerce, so your site build should support this.

➤ **Engage in social media.**

- Decide on the best social media tools to reach your target audience and develop engaging and innovative content to differentiate yourself from competitors.
- Regularly track and monitor the content viewed and feedback received. Your clients are your extended sales force and acknowledging their feedback can help further develop and improve your business.
- Popular tools in Korea include YouTube, Facebook, Kakao Talk (instant messenger app), KakaoStory (photo-sharing service operated by Kakao Corp.), Instagram, Twitter and GooglePlus.
- Naver operates South Korea's most visited web portal. It is important to note that Naver and not Google is the number one search engine in Korea. Therefore when conducting Search Engine Optimization for your Korean website ensure that an SEO expert helps you to optimize your keywords and search terms for Naver, which is quite different to the approach used for Google.

#### **4.2.3 Utilizing in-market resources to find buyers**

- **Connect with industry associations and other professional bodies in Korea.**
- Engage the [Trade Commissioner Service](#) and [BC Trade and Investment Representatives](#) with connections and on-the-ground expertise.

### **4.3 – DUE DILIGENCE AND AVOIDING SCAMS**

Conducting due diligence is good practice and can be carried out on your behalf by a third party if you have the resources or need to conduct due diligence on several potential buyers in Korea. You will certainly want to conduct due diligence before making any transactions or contractual obligations, and it can also be useful in identifying potential scams or vetting unsolicited communications from people claiming to be interested buyers.

➤ **Independently verify all information**

- Check that the information contained in the business license matches what you already know. Use external data from government agencies, other authorized bodies and local experts to verify information provided to you by the Korean firm.
- If your request for information seems to be placing potential relationships at risk you can indicate that third parties (banks, board of directors, etc.) are making the request.
- You can contact [B.C. Trade and Investment Representatives](#) or [Canadian Trade Commissioners](#) for assistance conducting basic due diligence.

➤ **Evaluation of the company's financial and operational history in addition to checking references.**

- Validate references from suppliers, customers and competitors. If the company has international clients ask for the list and check it.
- If a company is nationally reputable or exports to large foreign clients it will likely have been through this before and should be willing to provide you with references. A company with a single supplier or limited market may entail more risk.

- Verify that your potential buyer is reputable and that they can actually provide the services you need. Company balance sheets may be available and can provide useful information on current assets, current debts, and long-term liabilities.
  - Do a legal background check to ensure that ownership, structure, and registrations are clear.
- **Your own preparedness is also integral to successful diligence.**
- Ensure you allow sufficient time to conduct verification and due diligence
  - Ensure that you have conducted the necessary market research and possess a sound understanding of your market segment.
  - Ensure that you know what customs documents are required for the import of your product into Korea, and are aware of any regulations that may affect the import of your products.
  - Ensure you visit the market regularly. This will allow you to build on your knowledge of the market and demonstrate your interest and involvement in your Korean operations.
  - If traveling is not feasible at the particular time, find a trusted associate to pay a prearranged or surprise visit to your potential buyer.
- **Do not neglect difficult questions for the sake of establishing or maintaining a relationship.**
- Do not be afraid to hold off on signing a deal if you cannot find a partner to work with that fulfills your criteria.
- **Be aware of potential fraud risks.**
- While there are many serious and legitimate importers and distributors in Korea, you may also be approached by individuals claiming to be interested buyers but in fact, have ulterior motives that range from fraudulently obtaining product or money from you to conducting intelligence against your operations. Be particularly careful with unsolicited approaches and be mindful of the adage "if it looks too good to be true, then it probably is".

## SECTION 5: BUILDING RELATIONSHIPS IN SOUTH KOREA

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### 5.1 – INITIATING RELATIONSHIPS

Relationships are the basis for business in Korea so it is important to spend time establishing a good working relationship and building trust with South Koreans. Relationships often supersede the contents of a contract. Many deals in the Korean business world are transacted on a handshake and no more, so trust is very important. Canadian politeness and basic manners will be appreciated, but there are a few other overarching aspects of relationship building in Korea that exporters should be aware of:

- **Introductions through a mutually connected third party are important because the Korean business environment is built on trust and reputation.**
  - You will find that it is common in Korea for people to prefer to do business with those they've met through a trusted intermediary.
  - Korean culture does not encourage a laissez-faire approach to relationships and hence the strategy of cold calls from unknown persons can prove fruitless.
  - In the absence of a mutual connection, attending industry networking events, contacting industry associations and municipal or provincial investment promotion bodies, and following up on personal introductions are all good alternative ways to begin the relationship-building process.
- **Initial Communication must be formal.**
  - Partly because of the strong influence of Confucianism philosophy still running through the society, Koreans try to be formal when they develop contacts with new people. Koreans would take extra steps or efforts to make the initial communication as formal as possible.
  - Initial communication may not be considered official or meaningful unless done in a formal way (e.g., use of official letterheads or seals) or by a proper level person in the organization. Therefore, B.C. suppliers should try to match the level of formality displayed by their Korean counterparts.
- **It is necessary to commit time and budget towards visiting Korea.**
  - You will need to develop deeper relations with your Korean counterparts than would be expected in Western markets. Doing so will take time, persistence and most importantly a significant physical presence in Korea. Spending as much time as you can in Korea and making frequent return trips is perhaps the single most important thing you can do to build meaningful relationships with Korean buyers and partners.
  - Devote time to getting to know your counterparts both professionally and personally.

### 5.2 – USING INTERPRETERS

- **Korean is the official business language.**
  - English is not an official language of the country in any capacity. It is the most common foreign language used, however many Koreans have had little-to-no practice with the language, especially when it comes to business communication. Do not automatically assume that a Korean person is more fluent than they are simply because they verbalize a few familiar English phrases.

- **You will need to hire a professional interpreter unless you have internal fluent Korean capabilities.**
  - Interpreters will be required for business meetings, particularly outside Seoul and other major cities and they are strongly recommended for all important negotiations so as to avoid doubt and confusion. Do not rely on the interpreter working for your Korean counterparts; your delegation will need one of its own.
  - To find the right interpreter rely on recommendations from trustworthy sources and or contact the [Canadian Trade Commissioner Services](#) for assistance.
  
- **Integrate your interpreter into your team.**
  - Use your interpreter regularly and expect to make them part of the team. This means that they will be fully briefed before important meetings or negotiations and should be trained to a high level so that they know your business and product line and will know the right questions to ask.
  - After the meeting, debrief your interpreter on what he or she saw or understood during the meeting. An experienced professional will provide cultural interpretation.
  
- **Be deliberate in your speech and body language when speaking through your interpreter.**
  - During a meeting, interpreters will normally sit behind you. It is important that you always look at the person you are addressing, not the interpreter, and remain patient during the interpretation.
  - Speak relatively slowly, avoiding jargon and difficult sentences. If necessary, write down things like large numbers to ensure understanding.
  - Do not stop in mid-sentence or interrupt the interpreter.
  
- **You can help reduce miscommunications by:**
  - Avoiding colloquialisms. Use simple short words instead.
  - Speaking patiently and slowly.
  - Giving people time to translate or explain to each other what you are saying.
  - Writing down key points since many Koreans read English quite well.
  - Finding a diplomatic way to have a counterpart repeat or paraphrase what you've been saying.
  - Learning some Korean language, especially keywords that you would use in your business.
  - Minimizing words and maximizing the use of graphs, charts, and visuals when making presentations.
  - Confirming the content of any agreements or discussions in writing.
  - Avoiding the 'or' sentence structure. It is better to restructure your question such that it requires a 'yes' or 'no' answer.

### 5.3 – SOCIAL AND BUSINESS ETIQUETTE

Keep the following things in mind as you set meetings and develop relationships in Korea.

- **Confucian Influence**
  - Korean society operates according to Confucian values. These state that people should respect authority, behave virtuously, work hard and learn hard, avoid extremes and live moderately. Koreans believe that if you can demonstrate these qualities, you will be more successful in your business relationships.

➤ **'Face' or Kibun**

- The concept of 'face' (kibun), which is found in many Asian societies, leads Korean people to strive for harmony in their business and personal relationships. It is unacceptable to 'lose face' or to cause some else to lose face. To prevent loss of face, Koreans will tend to avoid confrontation or may tell others what they want to hear rather than expressing a disappointing truth.
- South Koreans are very protective of their kibun, or personal dignity. If you threaten it, you risk being excluded from future decision-making; be very careful in your business negotiations and always be respectful and mindful of kibun.
- Just as it is possible to cause one to lose face you can also 'give face'. Take advantage of opportunities to subtly do so by enhancing the prestige of others within their own business milieu. One effective tactic is to complement your partner to their colleagues and superiors.

➤ **Body Language**

- Non-verbal communication is also very important in Korea, so watch closely to see if it matches with what is being expressed.
- Keeping your legs straight and your upper body in a slight stoop denotes respect. A slight bow is also used when expressing an apology and a deep bow is often used when saying goodbye.
- Sneezing and blowing your nose in public is considered rude (and sometimes funny). If you have to sneeze, try to make it quiet. If you do sneeze in front of somebody, make sure you apologize.
- Koreans consider it a personal violation to be touched by someone who is not a relative or close friend. Avoid touching, patting or slapping the back of Korean people you meet.

➤ **Formal attire**

- First impressions are important to Koreans and so they tend to dress formally for their work surroundings. Consequently, you should reciprocate this show of respect.
- Black, blue and brown-coloured suits are recommended regardless of the weather. Note that 'casual wear' in Korea may be more formal than you are used to and actually means a blazer and tie. For women, tight skirts, shorts and sleeveless tops should be avoided in business settings.

## **5.4 – TYPICAL MEETING PROTOCOL**

The primary purpose of the first meeting is to become acquainted and to initiate a relationship, so consider the time spent prior to discussing any actual business issues as a vital part of the relationship-building process.

➤ **Prior to the meeting**

- It is important to make an appointment a few weeks in advance of a business meeting. Most business meetings are scheduled mid-morning (10 am to 12 pm) or mid-afternoon (2 pm and 4 pm).
- In Korea, you should never be late and punctuality is important as it is a sign of respect. It is absolutely imperative to call ahead to inform your host that you are running late. However, do not be surprised if top Korean executives arrive a few minutes late for appointments due to their extremely busy and pressured schedule.

- Providing a clearly defined and listed agenda in advance to your Korean counterparts helps the meeting stay focused and generate successful outcomes.

### ➤ **Introductions**

- Ideally, the most senior person in the team should enter the room first and greet the most senior Korean representative. Introductions are generally carried out in order of seniority and with women before men. Remember that with Korean names the family name comes first; for example, Kim Tae-Woo would be addressed as Mr. Kim. Also, it is respectful to link names with professional titles (e.g. Director Kim). Unless specifically invited by your host or colleagues to use their given name refrain from doing so as it is considered impolite.
- Meetings begin with a typical Korean introduction, a slight bow, followed by a handshake. To show respect when shaking hands you should wait for more senior personnel to offer their hand first and support your right forearm with your left hand. It is not necessary to provide a 'firm' handshake.
- Business cards are very important in Korean society and are usually exchanged following the initial introductions. They should be treated with care and respect and should be both passed and received with two hands (holding the card corners between the thumb and forefinger), looking at and acknowledging each card you receive, and by ensuring that you do not write on the cards in front of your hosts/guests.
- Seating arrangements are at the discretion of your host and seniority will form the basis of any seating arrangement. In the absence of pre-determined seating take the lead from your hosts.
- It is common to be offered tea or other beverages at the outset of a meeting. It is polite to accept and to wait until the beverages have been served before talking about business.

### ➤ **During the meeting**

- Your approach should be formal but friendly. Avoid making jokes but be prepared for the meeting to begin with some small talk, including discussion on whether you are making your first visit to Korea, your impressions of the country, as well as your family, favorite sports (golf is a clear favorite among Koreans) and other interests. Demonstrate respect by addressing the senior member of the Korean team directly even if that person is not their best English speaker.
- Hierarchy is an important concept in Korean culture, so your counterpart may try to determine where you fit in the hierarchy. Your 'rank' or perceived relative position in your company or in society can have a major impact on who is willing to conduct business or dialogue with you.
- When presenting stick to the facts and keep it formal. Data is valued so come prepared with information and references, but also be mindful to not to push opinions too strongly or cause confrontation during meetings.
- Decisions are generally not made during meetings, so expect a long negotiation and discussion process. Meetings may feel a bit slow and key details are often discussed in a roundabout way but do not mistake indirectness for non-commitment.
- A low, deep bow from Koreans at the end of a meeting indicates a successful meeting. A quick, short parting bow could mean dissatisfaction with meetings. You should bow when departing. Younger people may wave. Send a follow up message outlining all discussions and agreements to your Korean counterpart after you leave Korea.

## 5.5 – NEGOTIATIONS

South Koreans like to spend time getting to know their business associates, so do not expect important negotiations or decisions to be reached in the initial meetings. However, once negotiations do get underway you should be aware of the following tendencies:

- **Be prepared to be patient, but firm.**
  - Ensure that the people you choose to represent your firm match the rank of the Korean members, since status is very important and a mismatch may prove embarrassing to both sides.
  - Be as dignified as possible and do not push your position too hard. Insisting on having your own way will be viewed unfavorably by your Korean counterparts.
  - However, don't give in easily as Koreans are persistent and admire this quality in others.
  - Be prepared for the 'price war' as Koreans generally start negotiations at an unreasonable position and are prepared to compromise.
  - Avoid becoming visibly frustrated or irritated as negotiations rumble on as this could insult your host and cause them to lose face.
  
- **Koreans are very hospitable and friendly, but negotiations can be very aggressive in tone.**
  - You may find that your Korean counterparts can be very direct and quick to express frustration; however, it would be a mistake to take everything said during these meetings literally, and maintaining a solid, cordial personal relationship with the Korean side will help you get through the difficulties you may face during the negotiating process.
  - If there is silence in communication, respect it, as time may be needed for translation and consideration.

## 5.5 – SOCIAL ENGAGEMENTS

Hospitality is a very important part of Korean business culture. Korean businesspeople often gather after work over dinner, drinks and even karaoke to socialize and to further business discussions. You should consider it a great honor to be invited out to dinner and even more so to someone's home.

- **Dining, drinking and social gatherings are considered an extension of business affairs and attendance is expected.**
  - Often discussions initiated during the business day will continue into dinner. After dinner, the host may invite his guests to go drinking. You should accept the social invitation and join your hosts. Korea has one of the highest rates of alcohol consumption in the world and men in particular are expected to join in the country's drinking culture. If you've had enough to drink, avoid emptying your glass. If you don't want to drink, excuse yourself on medical or religious grounds, as not partaking in the ritual is viewed as insulting. Do not pour your own drink, it is considered polite to fill other people's glasses rather than your own.
  - Suitable topics of conversation when dining out include family, sport, your impressions of Korea, your organization, future plans, etc. Topics to avoid include politics, any mention of Japan and tensions with North Korea.
  - Your hosts may even ask you to sing. Try to sing something with good grace, even if it's only a nursery rhyme, as refusing is considered rude.

- **There are a number of rules you should observe when dining. Most of them are basic table manners, but there are a few that are specific to South Korea. For example:**
  - Always allow your host to seat you. The seat of honor is the seat looking at the front door. If you are seated in the seat of honor, it is polite to protest slightly.
  - It is polite to pass or accept food or drink with your right hand while your left hand supports your forearm/wrist.
  - Koreans do not like to talk a lot during the actual dinner. Periods of silence are common and appreciated at a dinner. The meal usually comes before socializing at a dinner party.
  - You should not hold your rice or soup bowl in your hand during the meal.
  - Spoons and chopsticks should not be rested on any bowl or dish and you should not hold them together in one hand.
  - When an elderly person gets up, you should also get up.
  - Younger people should not pick up their tableware before older people.
  - The person who invites pays the bill for everyone. However, it is polite to offer to pay. When two people are dining, usually the younger person pays for the older person.
  - Wherever you see a "No Tipping" sign, do not tip. Koreans find tipping offensive, although it is becoming more common in Western hotels.
  
- **Giving small gifts is part of the process of building a business relationship in Korea.**
  - The gifts exchanged should be of similar value, with that of greatest value going to the most senior person. Wait until your host has presented his gift and use both hands to accept it and to give your gift. It is not unusual for Koreans to refuse the gift once or twice as a gesture of humility and it is customary to wait until the giver is out of sight before opening the gift.
  - Wrap your gift nicely. Bright colors are preferred for wrapping gifts. Yellow and red or green stripes are a traditional Korean wrapping design. Avoid wrapping gifts in dark colors or red.
  - Items from Canada or B.C. will be especially well-received, as will items branded with your company logo.
  - Do not give expensive gifts (Koreans will feel obligated to reciprocate with a gift of equal value), knives or scissors (they signify "cutting off" a relationship), green headwear, gifts with red writing (denotes death) or gifts in a set of four (denotes death).
  
- **Helpful Hints**
  - Avoid colloquialisms like 'fellow', 'guy', or 'man' when speaking or referring to people, it is considered rude.
  - Korea is not China; it is a country with its own people, history, food, culture and customs.
  - Koreans will ask personal questions. This is viewed as showing a polite interest in your life.
  - Don't talk about Koreans or their customs or culture within earshot of a Korean person, even if you are saying good things. Do not talk about politics.

## 5.6 – MAINTAINING RELATIONSHIPS

Whether you are building a relationship ahead of a deal or have already signed contracts with Korean buyers, you should invest time and effort in nurturing the relationships by continuing to engage with your contacts. For example:

- **Commit to regular contact**
  - An ongoing exchange of information helps each party understand the other so they can build on their mutual interests. Often there is nothing in particular to discuss yet Korean partners will continue to communicate frequently. Relationships maintained in this way tend to have fewer problems and raise fewer complaints.
  - Use events such as Chuseok (Korean Thanksgiving), Lunar New Year, and Christmas to send greetings to important Korean contacts and friends.
  - South Korea is a country where things can happen extremely quickly. Same day response is the norm. A week without communication is interpreted as a lack of interest.
  
- **Continue to make visits to Korea**
  - Given the Korean preference for face-to-face business, visits to Korea will remain a regular feature of your Korean venture even after the relationship has been established. These trips help maintain your already established relationship. You should also try to bring the same team with you on each visit so your buyers will be dealing with people they've already gotten to know. Status, education, and titles are highly esteemed so sending senior personnel for meetings will create the right impression.
  - If you find yourself in Korea and your primary duties do not concern your original clients you should still make the point of visiting them on every business trip.
  
- **Consider hosting your partners through reciprocal visits**
  - Paying for your partners in Korea to visit your Canadian operations is a good way of keeping them informed and motivated. This is an effective way to demonstrate your long term commitment to Korea, which is important because Korean businesses often worry that foreign businesses are interested only in generating quick profits.
  
- **Continued to be willing to participate in social events**
  - The expectation for you to engage in social outings will not subside simply because the relationship is established. Continued participation is a given and you should not become complacent on this matter.

## SECTION 6: EXPORT SUPPORT AND RESOURCES

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### 6.1 – BC TRADE AND INVESTMENT REPRESENTATIVES AND CANADIAN TRADE COMMISSIONERS

Both the Canadian and British Columbian governments support the development of export markets by locating staff in foreign markets in order to provide current and on-the-ground advice and guidance to BC companies. Making use of these individuals is highly recommended, particularly if you have limited on-the-ground experience in the Korean market.

#### [BC Trade and Investment Representatives](#)

British Columbia's Trade and Investment team is based in Seoul.

- **B.C. Trade & Investment Representatives can assist current and potential B.C. exporters with a variety of services, including:**
  - Generating market intelligence and trade leads for specific B.C. products;
  - Advising on market entry and development strategies;
  - Providing contacts to an extensive network of international industry, government and community influencers and partners;
  - Supporting B.C. exporter participation in trade missions, tradeshow and related events; and,
  - Providing training to introduce B.C. exporters to world markets.

#### [Canada Trade Commissioner Service](#)

The Canadian Trade Commissioner Service, with on-the-ground-intelligence and practical advice on foreign markets, helps Canadian companies make better, more timely and cost-effective decisions in order to achieve their goals abroad. As part of Canada's embassies and consulates, Trade Commissioners have privileged access to foreign governments, key business leaders and decision-makers.

- **Whether doing business abroad for the first time, or looking to expand into new markets, Trade Commissioners can work with you to:**
  - Determine if you are internationally competitive; decide on a target market; collect market and industry information and improve your international business strategy;
  - Determine the level of opportunity that exists in a particular market, advise on appropriate approaches to the market and gauge the amount of effort and resources required;
  - Connect with industry associations, potential buyers and partners, professionals in financial and legal institutions, agents and other business representatives to support the execution of your export strategy;
  - Assist with due diligence by conducting basic preliminary research on a local company from public sources, and the resolution of business problems and issues that you face in foreign markets.

Please note that conducting thorough background checks on local companies or providing translation or interpretation services is not part of the mandate of either the B.C. Trade & Investment Representatives

or the Canadian Trade Commissioners. These services should be acquired directly by private sector service providers operating in foreign markets.

## **6.2 – LOAN AND COST SHARING PROGRAMS AND PROMOTIONAL SUPPORT**

Provincial and federal governments (and other agencies) offer several programs and engage in promotional activities aimed at supporting and developing exporters.

- **[Growing Forward 2: B.C. Agrifood and Seafood Export Program](#)**
  - A cost-sharing program administered by the Investment Agriculture Foundation of BC, on behalf of the B.C. Ministry of Agriculture, aimed at further enabling B.C.'s agriculture, food and seafood sectors to increase export sales and expand international markets through participation in international market development activities. The program supports participation in international market development activities such as tradeshow, incoming and outgoing buyer missions and tabletop events, and the development and translation of export-focused promotional materials.
- **[BC Agrifood & Seafood Market Development Preparedness Program](#)**
  - A cost-sharing program administered by PricewaterhouseCoopers (PwC) on behalf of the B.C. Ministry of Agriculture, designed to enhance the capacity of B.C.'s agrifood and seafood industry to develop and acquire skills, knowledge and services necessary to compete in domestic and international markets. Eligible activities include primary and secondary market research, strategic market development planning and marketing skills training.
- **[AgriMarketing Program – Small and Medium-sized Enterprise Component](#)**
  - A cost-sharing program offered by Agriculture and Agri-Food Canada for eligible producers and processors operating in the agriculture, agrifood, and fish and seafood sectors. To qualify, applicants must have completed market research and be export and market ready. Eligible activities must be targeted and aimed at expanding exports into new markets or further penetrating existing export markets.
- **[Expansion Loan Program](#)**
  - A loan program offered by the Business Development Bank of Canada aimed at companies wishing to expand their market, including export markets. Eligible activities include launching new marketing campaigns, developing new products, obtaining a certification, expanding foreign or domestic markets, and others.
- **[Export Guarantee Program](#)**
  - Export Development Canada (EDC) will provide a risk-sharing guarantee on behalf of program participants to their financial institutions in order to provide firms with access to increased working capital and term financing.
- **[Canada Brand](#)**
  - Agriculture and Agri-food Canada has developed a suite of free tools to help Canadian Agri-food and seafood companies gain a marketing advantage by linking Canada's positive image to their products. These include Canada Brand graphics and a photo library of high-quality images for use in marketing and promotional materials.

## SECTION 7: APPENDICES

### **APPENDIX 1 – KEY CONTACT INFORMATION**

#### **BC Trade and Investment Representatives**

Website: <https://www.britishcolumbia.ca/global/trade-and-investment-representatives/south-korea-seoul/>

Email: [asia.pacific@gov.bc.ca](mailto:asia.pacific@gov.bc.ca)

##### *Seoul Office*

26F Gangnam Finance Center  
152, Teheran-ro, Gangnam-gu  
Seoul, 06236  
Republic of Korea  
Tel: +82 (2) 3451-4947

#### **Canadian Trade Commissioner Service**

Website: [www.tradecommissioner.gc.ca/kr](http://www.tradecommissioner.gc.ca/kr) or <http://www.tradecommissioner.gc.ca/kr>

Email: [seoul-td@international.gc.ca](mailto:seoul-td@international.gc.ca)

##### *Seoul Office*

21, Jeongdong-gil (Jeong-dong), Jung-gu  
Seoul, 04518  
Republic of Korea  
Tel: +82 (2) 3783-6000  
Fax: +82 (2) 3783-6147

#### **Key South Korean Government Agencies**

##### *Korea Customs Service (KCS)*

Building 1, Government Complex-  
Daejeon, 189, Cheongsa-ro, Seo-gu,  
Deajeon, 35208, Republic of Korea  
English language website:  
<https://english.customs.go.kr>

##### *Ministry of Food and Drug Safety (MFDS)*

187, Osongsaengmyeong 2-ro, Osong-  
eup, Heungdeok-gu, Cheongju-si,  
Chungcheongbuk-do, 28159  
Republic of Korea  
Tel: +82 (4) 3719-1564  
English language website:  
<http://www.mfds.go.kr/eng>

##### *Ministry of Agriculture, Food and Rural Affairs (MAFRA)*

94 Dasom2-ro, Government Complex-  
Sejong, Sejong-si 339-012,  
Republic of Korea  
Tel: +82 (2) 6196-9110  
English language website:  
<https://english.mafra.go.kr>

##### *Animal and Plant Quarantine Agency (APQA)*

177, Hyeoksin 8-ro, Gimcheon-si,  
Gyeongsangbuk-do, 39660,  
Republic of Korea  
Tel: +82 (5) 4912-1000  
English language website:  
[https://www.qia.go.kr/english/html/indexqiaEngNoticeWeb  
Action.do](https://www.qia.go.kr/english/html/indexqiaEngNoticeWebAction.do)

##### *National Agricultural Product Quality Management Service (NAQS)*

141 Yongjeonro, Gimcheon-si  
Gyeongsangbuk-do,  
Republic of Korea  
Tel: +82 (5) 4429-4000  
English language website:  
<http://www.naqs.go.kr/eng>

## **APPENDIX 2 – TARIFFS RATES UNDER CKFTA IMPLEMENTATION**

Category	Tariff Prior to 2015	Tariff as of January 2017	Expected Year for Tariff Elimination
<b>Beef</b>			
Beef fat and tallow	18% - 89%	Eliminated	2015
Live cattle		Eliminated	2015
Bovine embryos		Eliminated	2015
Fresh, chilled and frozen beef cuts		32%	2029
Processed and prepared beef		58%	2029
Beef offal		13%	2025
<b>Pork</b>			
Pork fats and oils	18% - 30%	Eliminated	2015
Swine embryos		Eliminated	2015
Pure bred live swine		Eliminated	2015
Fresh, chilled and frozen pork cuts		9% - 10%	2027
Processed and prepared pork		7% - 15%	2020
Pork offal		7%	2019
<b>Grains</b>			
Wheat	4% - 513%	Eliminated	2015
Rye		Eliminated	2015
Wheat flour		2%	2019
Malting barley		410%	2029
Un-roasted malt barley		210%	2026
Un-hulled & naked barley		240% - 260%	2029
		<i>Tariff Rate Quota: 15,400 tonnes</i>	
		<i>Tariff Rate Quota: 2,500 tonnes</i>	
<b>Oilseeds</b>			
Crude canola oil	5% - 487%	3%	2021
Refined canola oil		Eliminated	2017
Canola		Eliminated	2015
Soybeans for soy-sauce/cake		340%	2024
Identity preserved soybeans for human consumption		Eliminated	2017
			<i>Tariff Rate Quota: 10,000 tonnes</i>
<b>Fish &amp; Seafood</b>			
Lobster	10% - 20%	Eliminated	2017
Frozen Dungeness crab		Eliminated	2017
Frozen Snow crab		10%	2024
Live Snow crab		14%	2024
Prepared crab		Eliminated	2017
Prepared shrimp and prawns		8%	2019
Frozen Coldwater or northern shrimp		8%	2024
Frozen other shrimp		14%	2024
Frozen Hagfish		6%	2021

Category	Tariff Prior to 2015	Tariff as of January 2017	Expected Year for Tariff Elimination
Salmon		Eliminated	2015
Frozen or prepared cockles		14%	2024
Sea cucumbers		8%	2019
Other molluscs		8%	2017-2019
Sea urchins		Eliminated	2015
<b>Alcoholic Beverages</b>			
Beer	15% - 30%	17%	2021
Wine		Eliminated	2017
Scotch whisky		8%	2019
Rye whisky		Eliminated	2015
Vodka		14%	2024

Note: Tariff information is provided only for indicative purposes. The tariff treatment of a good exported to Korea depends on its specific tariff classification as determined by the Korea Customs Service.

### **APPENDIX 3 – KEY PHRASES IN KOREAN**

English	Korean (Hangul)	Phonetic Pronunciation
Good Morning	안녕하세요?	Annyong haseyo?
Good Afternoon		Annyong hashimnikka? (Formal)
Good Evening	안녕하십니까? (Formal)	
Good Night	안녕히 주무십시오	Annyonghi jumushipsiyo
Goodbye (to person leaving)	안녕히 가세요	Annyonghi kasayo
Goodbye (to person staying)	안녕히 계십시오	Annyonghi kyesayo
Hello? (on the phone)	여보세요?	Yoboseyo?
Christmas and New Year greetings	즐거운 성탄절 보내시고 새해 복 많이 받으세요	jeulgeoun seongtanjeol bonaesigo saehae bok manhi bateusaeyo
How do you do? (meeting for the first time)	처음 뵙겠습니다	Ch'oum poepgetsumnida
How are you?	어떠십니까?	Ottoshimnikka?
Pleased to meet you	만나서 반갑습니다	Mannaseo bangapseumnida
My name is ____	저는 ____ 입니다	Chonun _____ imnida
Excuse me (to request something)	실례지만...	Shillejiman...
Where is...?	...는 어디 입니까?	...nun odi imnikka?
What does this mean?	무슨 뜻이에요?	Museun tteusieyo
I understand	아랐어요	Arasoyo
I don't know	나도 몰라	Nado molla
I don't understand	모르겠습니다	Moreugesseumnida
Please say that again	다시 한번 말씀해주시겠어요?	Tashi hanbŏn malssŭmaejushigessŏyo?
Please speak more slowly	천천히 말씀해 주세요	Cheoncheonhi malssuemhae juseyo
Please write it down	적어 주세요!	Cheogeo juseyo!
Do you speak English?	영어를 할 수 있어요?	Yeongeorul malsum halsu isseoyo?
Yes, a little	예, 조금요	Ye, jogeumyo
How do you say...In Korean?	... 를 한국말로 어떻게 말해요?	... reul hangukmal-lo eotteoh-ge maraeyo?
Have a good journey	잘 다녀오십시오!	Jalda nyeoo sip sio!
Have a nice meal	잘 먹겠습니다	Jal meokkesseumnida
How much is this?	이거 얼마예요?	Igeo eolmayeyo?
I am Sorry	미안합니다	Mianhamnida
Please	부탁합니다	Butakamnida
Thank you	감사합니다	Kamsahamnida
You're welcome	아니에요	Anieyo
What's your name?	성함이 어떻게 되십니까?	Sungham ee uttoke daesipnika?
Where are you from?	어디서 오셨어요?	Eodiseo osyeosseoyo
I'm from....	저는 ... 에서 왔어요	jeoneun ... eseo wasseuyo
Yes	네	Ne
No	아니요	Aniyo
Where is the toilet?	화장실이 어디예요?	Hwajangsiri eodiyeyo