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GAIN Report

Global Agricultural Information Network

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Report Highlights:

Despite a challenging economic environment, the South Korean wine market continues to recover. Korea's wine imports in the first half of 2013 totaled \$85.2 million, up 25.9 percent from the same period previous year. Imports from the United States amounted to \$9.7 million during the period, up 30.9 percent. Strong growth of wine sales in large-scale hypermarket retail stores coupled with elimination of the import duty under the United States - Korea Free Trade Agreement has been the key momentum behind the outstanding performance of American wine. Additionally, diversifying taste of Korean consumers is likely to provide American suppliers with new opportunities in Korea in the coming years.

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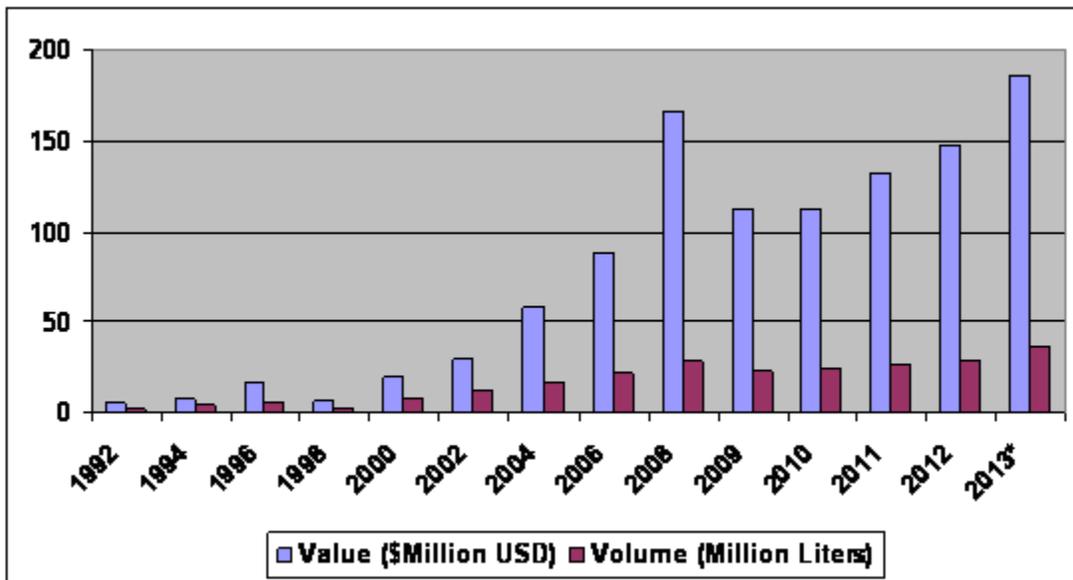
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SECTION I. MARKET OVERVIEW

- South Korea’s (herein after referred to Korea) wine imports from all countries totaled \$85.2 million during the first half of 2013, up 25.9 percent from the same period of 2012. Total volume of imports amounted to 16.3 million liters, up 27.7 percent.
- Imports from the United States amounted to \$9.7 million and 2.0 million liters during the period, up 30.9 percent and 31.1 percent respectively. Strong growth of wine sales in large-scale hypermarket retail stores coupled with elimination of the import duty under the United States – Korea Free Trade Agreement (KORUS FTA) has been the key momentum behind the outstanding performance of American wine.
- France remained the leading supplier of wine to Korea in the first half 2013 with a 30.3 percent market share in terms of value, followed by Chile (22.0 percent), Italy (16.2 percent), and the United States (11.4 percent). In terms of volume, value-oriented countries, Chile and Spain in particular, were the leading suppliers.
- Among the competitors, Spain marked the most outstanding growth in the first half 2013. Imports of Spanish wine amounted to \$6.9 million during the period, up 56.6 percent. Local consumers’ stronger attention to value for money under the sluggish economy is reportedly interpreted into stronger demand for Spanish wine.

Figure 1: Korea’s Wine Import Trends



Source: Korea Trade Information Service Database (KOTIS)

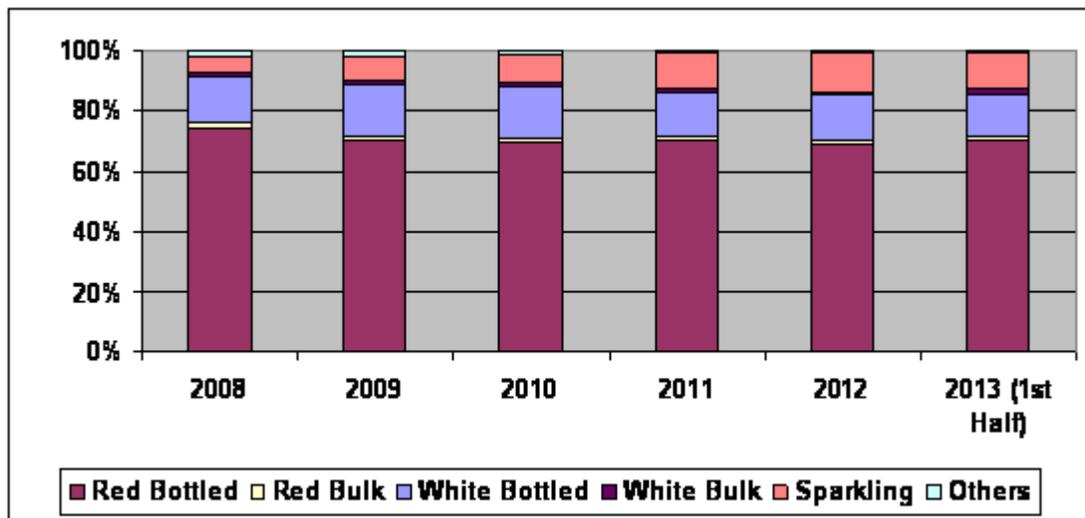
*Note: 2013 figures are forecast based on import trends in the first half

- After peaking in 2008 at \$167 million, Korea’s wine imports declined sharply down to \$112 million in 2009 due to the international financial crisis that started at the end of 2008. However, the Korean wine market has rebounded quickly and continued an outstanding recovery since 2011. Provided that the import growth recorded in the first half continues in the second half,

overall wine imports in 2013 is expected to reach a record yearly high.

- The Korean wine market is still in its early stage of development. Although the wine business has evolved over the last two decades since the market liberalization in early 1990's, wine is still considered a luxury good among the general public and is largely consumed by a limited population of young professionals and affluent elderly consumers. According to the industry data, wine accounted for only about 1 percent of total alcohol beverages consumed in Korea in terms of volume in 2012. However, marketers in general agree that the Korean wine market should eventually grow to a size comparable to other developed markets. As an indicator, Japan's wine imports in 2012 were \$1.46 billion, ten times larger than Korea's. A key barrier that restricts further growth of the Korean wine market is high distribution cost and tight government regulations, which makes retail price of imported wine in Korea several times higher than the price in the export country.
- Due to highly publicized health benefit of drinking red wine, current wine consumption in Korea is heavily skewed toward red wine as indicated by the fact that red wine accounted for 72.1 percent of total wine imports in terms of value (or 67.1 percent in volume) during the first half of 2013. However, the idea of food-wine pairing is spreading in the market, and as a result white wine and sparkling wine would potentially gain additional market share in the future. In particular, sparkling wine has shown the most outstanding growth in recent years and accounted for 11.4 percent of the total wine imports in terms of value in the first half of 2013 (compared to 5.5 percent in 2008).

Figure 2: Break Down of Korea's Wine Imports by Category (in Value)

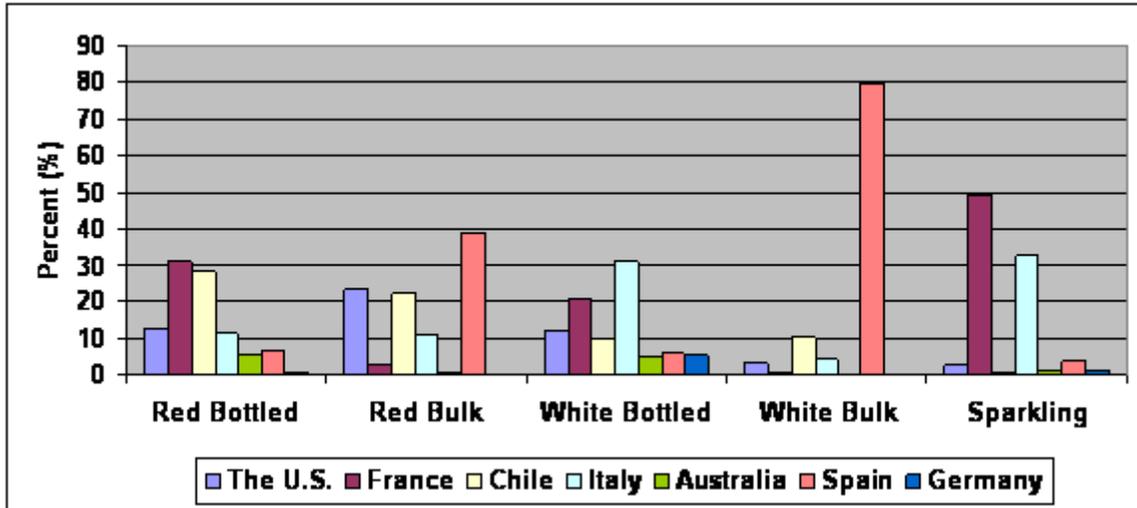


Source: Korea Trade Information Service Database (KOTIS)

- Under the sluggish economy, more of the wine is sold through off-premise channel in Korea. According to industry sources, off-premise channel currently accounts for over 70 percent of total wine sales in Korea. In particular, large-scale hypermarket stores have become the leading sales channel for wine, particularly for products that target entry level to mid-price segment of the market. On the other hand, on-premise channel faces weaker consumer traffic. However, on-premise channel, particularly five-star hotels and premium restaurants/bars,

remains the leading sales channel for products that target higher-end segments of the market.

**Figure 3: Break Down of Korea’s Wine Imports by Product/Country
(in Value, First Half 2013)**



Source: Korea Trade Information Service Database (KOTIS)

- American wine faces strong competition in Korea from both quality-imagined old world suppliers (France and Italy) and value-imagined new world suppliers (Chile and Australia). In addition, as Korean consumers welcome entries of new wine from more diverse origins, wine from other competitors (Spain in particular) is likely to increase their presence in the market. Competitors are export-oriented by nature and as a result maintain aggressive export programs to Korea.
- Nevertheless, American wine is expected to remain one of the top choices of Korean wine consumers, as it is firmly positioned in the market with an image of good value and unique quality. The KORUS FTA, implemented on March 15, 2012, has eliminated the import duty (15 percent) disadvantage that American wine was subject to against Chilean and European products. The close political and economic ties between Korea and the United States continue to help promote American brands to Korean consumers. Further development of sub-regional wine industries in both California and non-Californian states should also offer more diversified American wines to Korean consumers in the coming years.

SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

Table 1: Opportunities & Challenges

| Advantages | Challenges |
|---|--|
| Health benefit of drinking red wine is highly publicized among the general public. | Both consumers and traders in general have limited knowledge and experience about American wine. |
| The general public maintains a strong attention to globalized dietary culture, including wine dining. | American wine faces steep competition against both old and new world competitors. |

| | |
|---|---|
| The Korean wine market is still in the early stage of development. Considering the size of overall alcohol beverage consumption in Korea, wine has a good potential. | Retail price of imported wine in Korea is very high due to high distribution cost and tight government regulations. |
| American wine is firmly positioned in the market, especially among young consumers as a product of good value and unique quality. Implementation of the KORUS FTA further strengthens the value position of American wine in Korea. | Korean importers tend to do business directly with foreign wineries. However, many American wineries prefer to work through export middlemen for smaller markets such as Korea. |
| Local wine industry presents little competition to imported products both in terms of quality and value. | Imported wine is subject to complex local labeling and food safety standards, which change frequently. |

Table 2: Market Segmentation & American Wine's Competitive Position

| Market Segment | Retail Price* | American Wine's Competitiveness | Major Competitors |
|----------------|-------------------|---------------------------------|---|
| Entry Level | Below KRW10,000 | High | Chile, Spain |
| Low-Price | KRW10,000-30,000 | Mid-Low | Chile, France, Italy(White), Australia, Spain |
| Mid-Price | KRW30,000-60,000 | Mid-Low | Chile, France, Italy, Australia, Spain |
| High-Price | KRW60,000-100,000 | Mid-Low | France, Italy, Chile, Australia |
| Luxury | Above KRW100,000 | Mid-High | France, Italy |

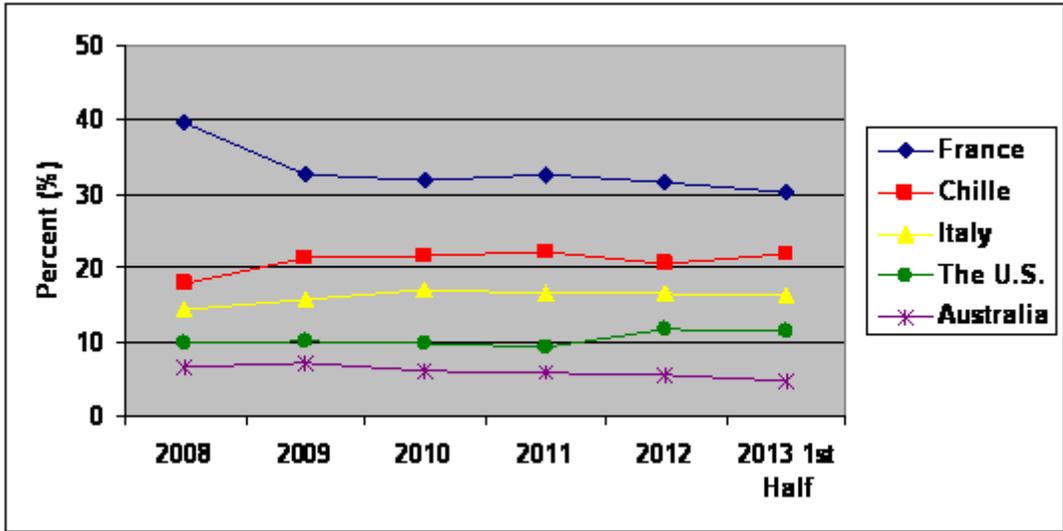
Source: Industry Interviews

* Note: \$1 USD = KRW 1,135 as of July 1, 2013

1. Competitors

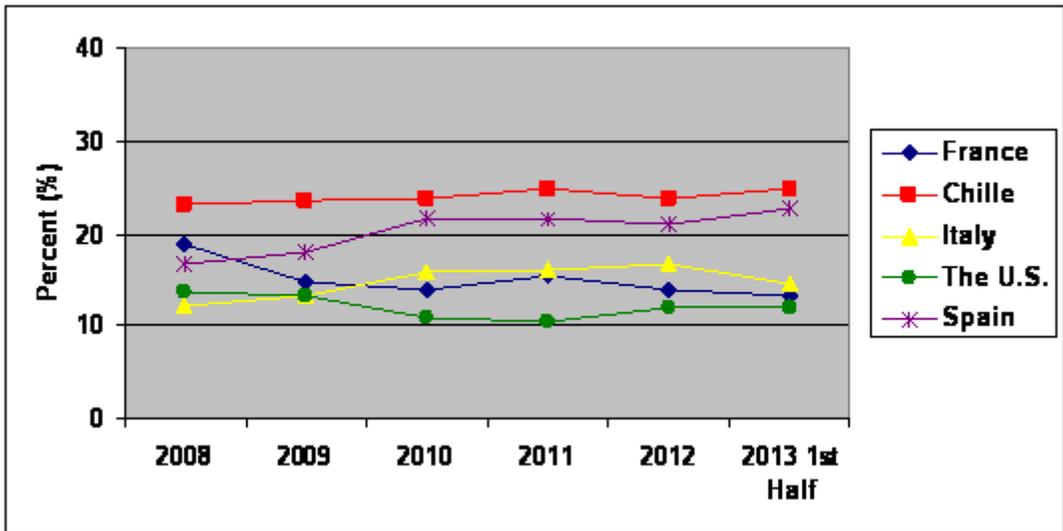
- France: Many Koreans, both wine opinion leaders and regular consumers, harbor the perception that old world European countries, France in particular, are the source of the best quality wine in the world. As a result, France has remained the leading supplier of wine to Korea over the years. Total imports from France amounted to \$25.8 million (2.2 million liters) in the first half of 2013, up 25.9 percent from the same period of 2012. The Korea-EU Free Trade Agreement, which was implemented on July 1, 2011, eliminated the 15 percent import duty on French wine. However, overall market share held by France has continued a decline since mid 2000's because French suppliers lost much of the ground in value-oriented segments of the market to Chile (red and white), Italy (white and sparkling) and Spain (red). Italy has also eroded some of the market demand for high end French wine. French suppliers are likely to maintain bigger focus on mid-price to higher-end segments of the market. French suppliers will also likely capitalize on the rapidly growing sparkling wine segment.

Figure 4: Break Down of Korea's Wine Imports by Country (in Value)



Source: Korea Trade Information Service Database (KOTIS)

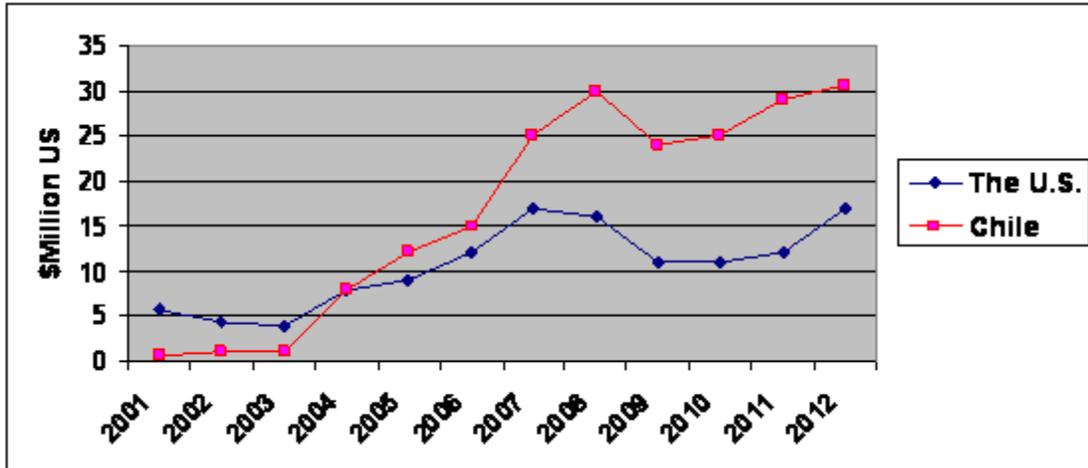
Figure 5: Break Down of Korea's Wine Imports by Country (in Volume)



Source: Korea Trade Information Service Database (KOTIS)

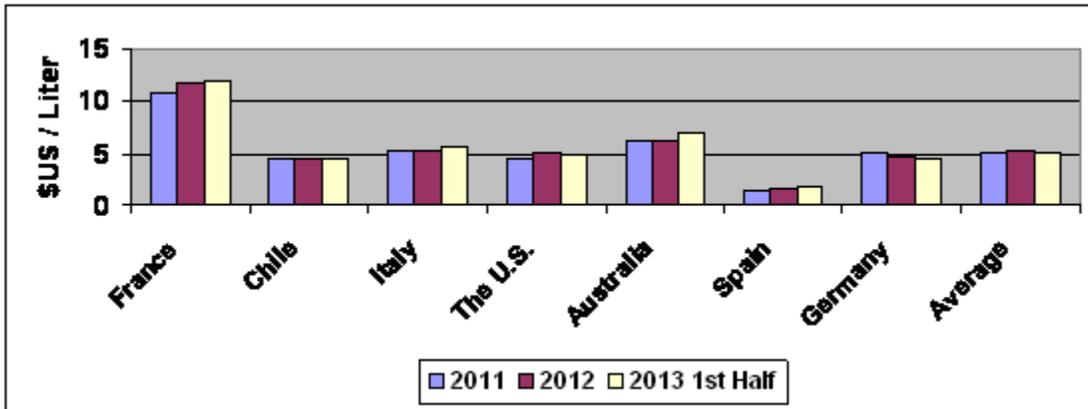
- Chile: Wine imports from Chile totaled \$18.7 million (4.1 million liters) in the first half of 2013, up 24.2 percent from the same period of 2012. The strong rise of Chilean wine in Korea started in 2005 as a result of the Korea-Chile Free Trade Agreement implemented in April 2004. The FTA advantage solely enjoyed by Chilean suppliers disappeared upon implementation of the Korea-EU FTA (July 2011) and the United States – Korea FTA (March 2012). However, Chile is still viewed as a leading source of value wine by many Korean consumers and should continue to present tough competition to other countries, including the United States, particularly for products targeting entry level through mid-price segment of the market. However, Chile presents less competition in white and sparkling wine as the demand for Chilean wine in Korea is highly concentrated on red wine.

Figure 6: Effect of FTA* on Chile's Wine Exports to Korea



Source: Korea Trade Information Service Database (KOTIS)
 *Note: Korea-Chile FTA was implemented in April, 2004

Figure 7: Average Unit Import Price of Wine by Origin (CIF Value)



Source: Korea Trade Information Service Database (KOTIS)

- Italy: Total wine imports from Italy amounted to \$13.8 million (2.4 million liters) in the first half of 2013, up 21.0 percent from the same period of 2012. Strong performance of Italian wine in recent years has something to do with on-going popularity of Italian cuisine and travel among the Korean consumers. It is also notable that Italy has become the leading supplier of white wine to Korea based on a huge success of *Frizantte* style product (white wine with small amount of bubbles) made from Moscato grapes. Italy is also gaining from the expansion of the sparkling segment.
- Australia: Wine imports from Australia totaled \$4.1 million (0.6 million liters) in the first half of 2013, down 4.8 percent from the same period of 2012. A significant rise in the value of Australian dollar against other international currencies has eroded price competitiveness of Australian wine in Korea over the last couple of years. On top of this, Korea's implementation of free trade agreements with the EU and the United States has further deteriorated the value position of Australian wine in the market.
- Spain: Total wine imports from Spain amounted to \$6.9 million (3.7 million liters) in the first

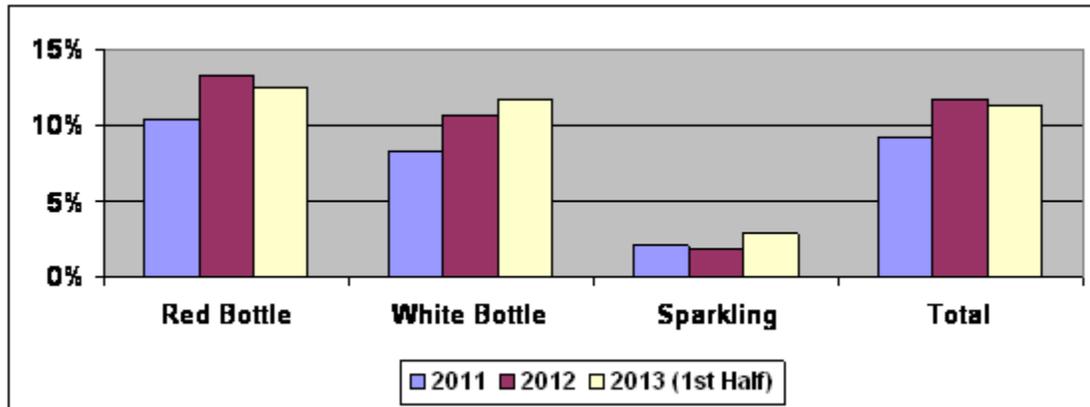
half of 2013, up 56.6 percent from the same period of 2012. Part for value for money under the sluggish economy and part for diversified tastes, Spain has become one of the most talked about wine origins among the local wine drinkers recently. In addition to value-oriented segments of the market that Spanish wine was known for over the years, Spanish wine is expected to draw consumers of higher-end segments of the market additionally in the coming years. It is notable that a significant portion of Spanish wine imported into Korea is for local bottling or blending, not only for grape wine but more for other types of fruit wine such as Japanese apricot wine. Bulk wine accounted for about 44 percent of Spain's wine exports in terms of volume to Korea in 2012.

- Germany: Wine imports from Germany totaled \$1.2 million (0.3 million liters) in the first half of 2013, down 1.3 percent from the same period of 2012. Much of the German wine imported into Korea was bottled white wine.
- Other Competitors: Wine imports from all minor suppliers combined, including Argentina, South Africa and New Zealand, amounted to \$4.9 million (1.2 million liters) in the first half of 2013, up 26.6 percent from the same period of 2012. Increased consumer attention on products from more diverse origins is likely to increase demand for wine from these minor origins in coming years.
- Competitors are export-oriented by nature and as a result maintain aggressive marketing and promotional efforts in Korea. Competitors' major programs in Korea include: local seminars and tasting events, buyer delegations to international wine exhibitions (e.g., Vinexpo, Vinitaly and ProWine), cultural and culinary events incorporating wine components, exhibitions at local trade shows, education program partnerships with local wine schools, and local sommelier competitions.

2. The United States

- Wine imports from the United States totaled \$9.7 million in terms of value in the first half of 2013, up 30.1 percent from the same period of 2012. The imports in terms of volume grew 31.1 percent to 2.0 million liters during the period. Strong demand for value-oriented wine in large-scale hypermarket stores coupled with the effect of the KORUS FTA was the key driving force behind the outstanding import growth of American wine. American wine imports into Korea is expected to set a record yearly high in 2013, reaching \$20 million level for the first time, provided that the growth recorded during the first half continues in the second half.

Figure 8: American Wine's Market Share by Category (in Value)



Source: Korea Trade Information Service Database (KOTIS)

- American wine accounted for 11.4 percent of Korea's total wine imports in the first half 2013. It is notable that American wine maintains a balanced market share in Korea in both red and white wines, whereas some of competitors manage market share skewed either toward white or red. Sparkling is the segment that American wine still lags behind France and Italy.
- American wine has maintained strong performance in value-oriented segments of the market over the years. In particular, American products have established a dominant presence in entry level segment (products retailing below KRW 10,000 a bottle, roughly \$10) largely due to aggressive marketing efforts by large-scale American suppliers such as E&J Gallo. In addition, Concord grape based "Kosher" red wine has also developed a significant demand in this segment as novice local wine consumers found the sweet, grapy taste familiar and easy to enjoy. Although facing tough competition, many American products from large-scale producers have also developed a strong market share in low-price segment of the market (products retailing between KRW 10,000 up to 30,000 a bottle, roughly \$10 - \$30).
- The luxury segment that targets products retailing above KRW 100,000 (roughly \$100) a bottle is another area in which American products have enjoyed solid success over the years. Many affluent Korean wine consumers are well traveled and aware of many established high-end American wine brands particularly from Napa valley. They are also informed of the results of historic comparative tastings between high-end American wines versus top class French wines. Products targeting this segment of the market are marketed as luxury goods, often available exclusively in selected retail outlets such as luxury bars and premium department stores. However, the number of bottles allocated to the Korean market by most of the high-end American suppliers is very limited.
- On the other hand, American products that target mid-price and high-price segment of the market (products retailing between KRW 30,000 to 100,000 a bottle, roughly \$30 - \$100) are facing tougher competition from both old and new world competitors. These are the segments that hold the key for building brand-loyal consumers and long-term financial success. Unfortunately, American wine has not been successful in retaining those consumers who started their first wine experience with entry level or low-price segment American wine and later traded up to higher quality products. Many of these trade-up consumers have found their ways to Chilean, Italian and French wine for wider selections, better value, or stronger brand

recognition. In addition, competitors have outsold American wine in the gift-set market, which constitutes a significant portion of the yearly sales of products in these segments. Marketers also point out that local wine consumers in general show higher price resistance to American wine in these segments than to competitors' products because many of them have traveled to the United States and are aware of the going retail price of these wines in the United States.

3. Local Wine Production

- Grape wine production in Korea is expected to remain small as it lacks competitiveness in price and quality against imported products. High cost of land and labor, coupled with unfavorable weather condition, is the major obstacle that restricts development of a large-scale wine industry in Korea. Most of the local wines are either souvenir wines made in small quantity or blends between local table grape wine and imported bulk wine. Currently, there is no *Vitis. vinifera* grape variety commercially cultivated in Korea.
- Instead of maintaining local vineyards, major Korean liquor companies have switched to either co-bottling in foreign wineries or importing bulk wine for local blending/bottling. Lotte Chilsung (www.wine.co.kr), Hite-Jinro (www.terror.co.kr) and Gooksoondang L&B (www.ksdlb.com) are the major players that currently operate local bottling and/or co-bottling in foreign wineries. A total of 3.5 million liters of bulk-packaged wines (products shipped in two liter or larger size containers) were imported in 2012, most of which were for local blending/bottling use. It is notable that a large portion of imported bulk white wine has been used for blending 'Japanese apricot wine' and other types of local white fruit wine.
- There are some fruit wines produced in Korea from locally grown fruits, including Japanese apricot, Korean pear, persimmon and *Bok-boon-ja* (local berry fruit similar in appearance to raspberry). Local fruit wines in general have a sweet taste and easy drinking character (many of them are added with sugar and alcohol). The production of *Bok-boon-ja* wine has been on a rapid increase partly due to active regulatory and financial support by the local government. However, these local fruit wines present little competition to imported wine. Rather they are likely to help the general public develop a taste for higher quality table wine.

4. Alcohol Beverage Market in Korea

- Korea is one of the leading markets in the world for alcohol beverages. Drinking is considered an important part of social life and is often encouraged at social and business occasions. Although drinking is decreasing among the elderly population for health concerns, the market is gaining new drinkers from the young and female population.
- The value of alcohol beverage products discharged to the market totaled KRW 9.6 trillion (about \$9 billion) in 2012, up 2 percent from the previous year. Beer and soju (traditional Korean hard liquor) together accounted for a 76 percent of the total alcohol beverages distributed in the market in terms of value. Imported products accounted for a 19 percent of the alcohol beverages distributed.

Table 3: Value of Alcohol Beverage Products Distributed in Korea (2012)

| Product Category | Local Products | Imported Products | Sub-Total |
|-------------------|----------------|-------------------|-----------|
| Beer | 3,997 | 291 | 4,288 |
| Soju | 2,997 | 3 | 3,001 |
| Distilled Spirits | 84 | 933 | 1,016 |
| Rice Wine | 612 | 60 | 672 |
| Fruit Wine | 85 | 420 | 505 |
| Total | 7,790 | 1,807 | 9,597 |

Source: Korea Alcohol Beverage Industry Association, Korea Wine & Spirits Importers Association
Unit: Billion KRW

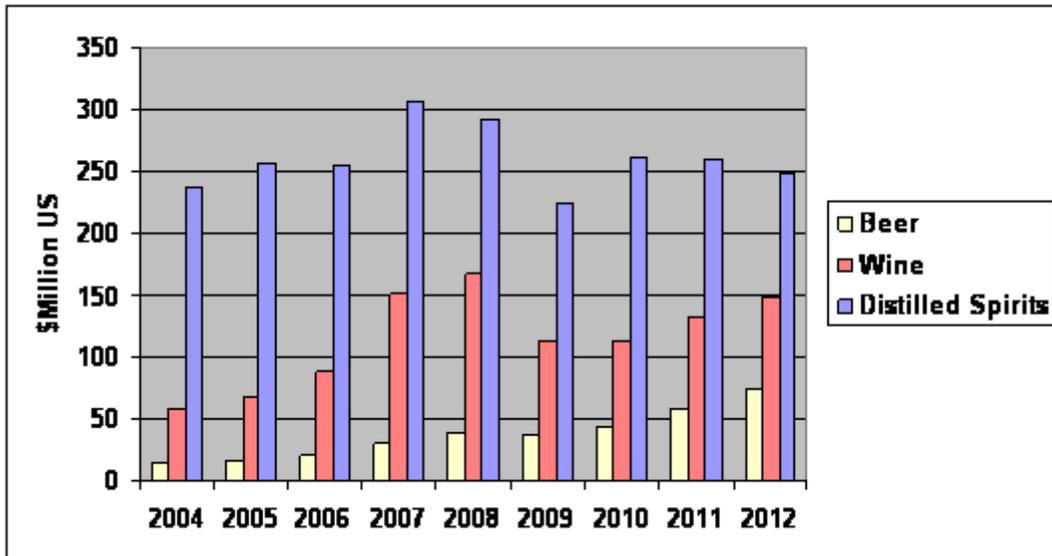
Table 4: Volume of Alcohol Beverage Products Distributed in Korea (2012)

| Product Category | Local Products | Imported Products | Sub-Total |
|-------------------|----------------|-------------------|-----------|
| Beer | 1,777 | 75 | 1,852 |
| Soju | 1,228 | 0 | 1,228 |
| Distilled Spirits | 2 | 23 | 25 |
| Rice Wine | 480 | 4 | 484 |
| Fruit Wine | 12 | 28 | 40 |
| Total | 3,503 | 141 | 3,644 |

Source: Korea Alcohol Beverage Industry Association, Korea Wine & Spirits Importers Association
Unit: million liters

- Increased health concerns among the general public is increasing the demand for products with less alcohol content such as wine and beer. Soju (distilled-diluted liquor made from sweet potato/tapioca/rice) has shown a steady performance in recent years mainly backed by continued launchings of new products that contained less alcohol.
- While local products dominate the market for beer and soju, imported products continue to lead the market for distilled spirits and fruit wine. While imports of distilled spirits are stagnating mainly due to increased health concerns, Korean consumers' strong demand for diversified taste is likely to generate additional imports for wine, beer and sake (rice wine) in the coming years.

Figure 9: Korea's Alcohol Beverage Imports



Source: Korea Trade Information Service Database

5. Distribution Channel

Off-Premise Market

- While no official statistics are available from the Korean government, industry sources indicate that off-premise channel currently accounts for over 70 percent of the total wine sales in Korea. In particular, large-scale retail stores represented by hypermarkets and warehouse discount stores are likely to remain dominant distributor of wine in the coming years as they offer good value and easy shopping environment to everyday shoppers.
- Large-scale retail stores in general have designated wine sections that offer a large selection of wines to everyday shoppers. For example, a typical hypermarket store carries about 200 different varieties of wine, most of which are entry level through mid-price segment products under KRW 60,000. Leading retail companies are putting efforts to expand “private label brand” products for better control of the price and higher store loyalty. For example, “G7” wine brand launched by Shinsegae Emart (the leading hypermarket store chain in Korea) a couple years ago has become the bestselling wine of the store. At the same time, large-scale retail companies are trying to develop direct purchases from foreign wineries, bypassing import middlemen in the supply chain to seek a lower price. As a result, independent wine importers are likely to be further pressured to focus on products for higher-end price segments that can avoid direct competition against the retail companies in the coming years.
- There are many stand-alone liquor/wine shops, either independent or under franchise chain operation, emerging in metropolitan areas. Some of these wine-oriented liquor stores, in particular those operated directly by leading wine importers offer the most extensive selections of wine targeting serious wine consumers. The majority of sales in these liquor/wine shops is from mid-price through high-price segment products retailing at KRW 30,000 up to 100,000. Convenience stores are another emerging player in the market. Although each outlet currently carries a limited number of products (about a dozen), convenience stores now offer the

most extensive retail network in Korea as the total number of outlets across the nation is fast increasing (reached 25,000 stores at the end of 2012). Currently, there is no zoning regulation in Korea that restricts the number and location of alcohol beverage retailers in a given area, which is partly responsible for the high number of alcohol beverage retailers in the market.

- Currently, sales of alcohol beverage products through on-line channel, including Internet, postal mail, and TV home-shopping, are prohibited in Korea (the only exception is officially recognized Korean traditional alcohol beverage products from small volume suppliers).
- Wine sales through the off-premise channel peak during the following local holiday seasons: Korean Thanksgiving Day ("*Chu-Sok*", late September), Christmas, New Year's Day, Lunar New Year's Day (early February), Valentine's Day (mid February), and Parents' Day (mid May). Wines are increasingly replacing traditionally popular gift sets of whiskey or other hard liquors. Products in the mid and high-price segment constitute the largest portion of the gift wine sales.

On-Premise Market

- On-premise channel (restaurants and bars) accounts for about 30 percent of the total wine sales in Korea. Large-scale food service companies, such as franchise restaurant chains and five-star hotels, generally buy wine directly from importers while wholesalers bridge importers and smaller-scale restaurants and bars. Local laws prohibit restaurants and bars from procuring alcohol beverages from retail stores. Although restaurants and bars currently face weaker wine sales under the sluggish economy, it is notable that the number of restaurants and bars that serve wine is on a steady rise, reflecting increased popularity of wine among the general consumers. The quality and variety of wine offered by restaurants vary widely depending on the food and target consumers of the restaurant. Dedicated wine bars and Western restaurants in five-star hotels would carry the most extensive wine selections in the sector, most of which are mid-price through high-price segment products. In general, restaurants and bars add much higher mark-ups on wine than off-premise channel retail stores. Many wines are available exclusively in restaurants and bars as the importers do not want consumers to develop price resistance to the products by making them available in retail stores at lower prices.

6. Market Entry and Marketing Strategy

- Below are some tools suggested to new-to-market suppliers who seek an entry into the Korean market:

(1) Business Contacts in Trade Exhibitions:

- Seoul Food & Hotel (www.seoulfoodnhotel.co.kr) is the most important food trade show held annually in Korea and is attended by a large number of international wine suppliers and local distributors. This is the only show in Korea that is officially endorsed and sponsored by USDA/FAS. The Agricultural Trade Office (ATO) of the U.S. Embassy Seoul (www.atoseoul.com) plans to organize a U.S. Pavilion in the up-coming show in 2014 (May 13-16). For registration information, please contact the pavilion organizer, Oak Overseas (rhoos@oakoverseas.com).

- The Seoul International Wines & Spirits Expo (www.swsexpo.com) is an important annual event dedicated to wine and alcohol beverage products. Organized by the Korea Wines & Spirits Importers Association, this show brings together a large number of traders and consumers. The show in 2014 is scheduled in early May.
- Many established Korean importers and distributors attend key wine shows around the world, including Vinexpo, Vinitaly and ProWine.

(2) Personal Trips to Korea:

Korean traders highly value face-to-face contacts when developing business relationship with new foreign suppliers. Personal visits to Korea allow new-to-market suppliers to gain contacts with Korean importers as well as hands-on knowledge about local market trends. Contact information of Korean importers and industry opinion leaders is available from ATO Seoul upon request. Facility and equipment of ATO Seoul, including meeting rooms, wine glasses and a small kitchen are also available to new-to-market suppliers. Personal visits can also accommodate product seminars and tasting events that target key buyers and opinion leaders.

(3) Partnerships with Local Organizations:

There are many different bodies of wine opinion leaders emerging in Korea. Wine academies, Internet-based wine communities, periodic wine journals and not-for-profit industry organizations (such as Korea International Sommelier Association) have a significant influence on new product trends in the market. Entry strategy of a new-to-market supplier should incorporate a tactic to develop relationships with these opinion leading groups.

(4) Supports from Regional Wine Promotion Organizations:

Various regional wine promotion organizations in the United States offer supports to their member suppliers that target foreign markets. General tools offered by the organizations include trade delegations to key foreign markets and invitation of foreign buyers to local wine shows. New-to-market suppliers are recommended to contact affiliated organizations for more information about available supports.

- California Wine Institute:

Phone: 415-512-0151

Fax: 415-356-7569

Internet Home-page: www.wineinstitute.org

- Napa Valley Vintners Association:

Phone: 707-968-4213

Fax: 707-963-3488

Internet Home-page: www.napavintners.com

- Washington State Wine Commission:

Phone: 206-667-9463

Fax: 206-583-0573

E-mail: info@washingtonwine.org

Internet Home-page: www.washingtonwine.org

- Oregon Wine Board:

Phone: 503-228-8336

Fax: 503-228-8337

E-mail: info@oregonwine.org

SECTION III. COST & PRICING

A combined effect of import duty, local taxes, logistics costs and distributor mark-ups makes retail price of an imported wine in Korea several times higher than in the export country.

1. Duties, Taxes, and Mark-ups

- Korea applies a complicated duty and tax system to imported alcohol beverages. The table below summarizes import duties and local taxes applied to American alcohol beverage products as of 2013.

| Product | Import Duty | Liquor Tax | Education Tax |
|-----------------|-------------|------------|---------------|
| Fruit Wine | 0% | 30% | 10% |
| Beer | 21.4% | 72% | 30% |
| Bourbon Whiskey | 0% | 72% | 30% |

- The following table illustrates the effects of import duty, taxes and distributor mark-ups on a bottle of \$10 (CIF import value) American wine imported into Korea:

| | | |
|---|---|-------------------|
| A | CIF* Invoice Value | \$10.00 |
| B | Import Duty: A x 0% | \$0.00 |
| C | Liquor Tax: (A+B) x 30% | \$3.00 |
| D | Education Tax: C x 10% | \$0.30 |
| E | Subtotal: (A+B+C+D) | \$13.30 |
| F | Value Added Tax **: E x 10% | \$1.33 |
| G | Handling fees for customs clearance ***: A x 8% | \$0.80 |
| H | Total cost of wine upon customs clearance: (E+F+G) | \$15.43 |
| I | Typical Importer Mark-ups ****: | |
| | 1. Importer's selling price to large-scale retail store (hypermarket): (mark-up 15-40%) | \$16.22- 19.74 |
| | 2. Importer's selling price to wholesaler: (mark-up 15-20%) | \$16.22- 16.92 |
| | 3. Importer's selling price to luxury hotel: (mark-up 40-50%) | \$19.74- 21.15 |
| J | 2. Wholesaler's selling price to liquor store: (mark-up 15-30%) | \$18.65- 22.00 |
| K | Typical Retailer Mark-ups: | |
| | 1. Hypermarket store's retail price: (mark-up 20-30%) | \$19.46- 27.64 |
| | 2. Liquor store's retail price: (mark-up 30-40%) | \$24.24- 30.79 |
| | 3. Luxury hotel restaurant's selling price: | \$29.61- |

| | |
|-------------------|-------|
| (mark-up 50-200%) | 63.45 |
|-------------------|-------|

* CIF is an export price inclusive of insurance and freight cost.

**The paid Value Added Tax (VAT) is eventually refunded to the importer as the tax is carried over to the consumer.

***In addition to import duty and taxes, additional cost of about 8 percent of CIF value will occur for miscellaneous expenses, including paperwork, inspection, warehousing, and transportation. The amount of this additional cost depends mainly on the kind of inspection to which the shipment is subject. For example, warehousing fee will increase significantly if a detailed chemical inspection is required instead of document inspection.

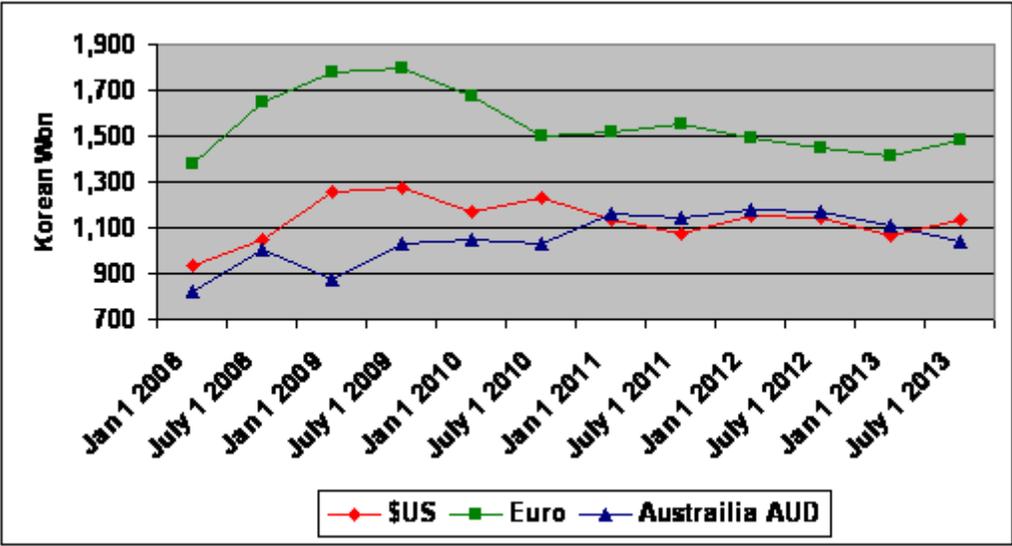
****Each mark-up calculation is based on \$16.10, the cost of wine upon customs clearance (H: \$17.63) minus the value added tax (F: \$1.53).

- Thus, a bottle of \$10 imported American wine typically retails for about \$19 to \$28 in hypermarket stores, \$24 to \$31 in liquor stores, and \$29 to \$63 in luxury hotel restaurants in Korea. The amount of mark-ups added by local distributors largely depends on the volume of transaction. Products transacted in a large-volume would be added minimum mark-ups. Price discount is a heavily used sales tactic for wine in Korea and as a result mark-ups planned by the distributors usually incorporate eventual discounts offered upon sales. Actual mark-ups that distributors eventually gain from sales could be much lower than what is shown on above table.

2. Currency Exchange Rates

- Retail price of imported wine in Korea is directly affected by change of exchange rates. As a result, shifts of exchange rates bring shifts of price competitiveness among competitors. For example, a steep value rise of Australian dollar in recent years has resulted in a significant shrink of Australian wine’s market share in Korea.

Figure 10: Change of Currency Exchange Rates



Source: Korea Exchange Bank

SECTION IV. MARKET ACCESS

1. Licenses

- By law, only licensed liquor importers are allowed to import alcohol beverages, including wine. There is no ceiling on the number of licenses issued, so any qualified candidate can obtain a liquor import license. Currently there are over 500 licensed liquor importers, but marketers estimate that about 50 of them currently maintain an active business. Moreover, a dozen leading importers account for over 70 percent of total imports. Importers are allowed to sell directly to wholesalers, retailers (restaurants and liquor stores), and individual consumers (through the importer's own wine shops only). However, importers are not allowed to purchase from other importers or from wholesalers. A few of the leading importers operate wholesale business and retail wine shops under separate wholesale and retail licenses, a tactic to maintain greater control of the distribution channel.

2. Labeling

- Korean law requires a separate Korean language label on imported wine. In most cases, the Korean language label (sticker) is attached to the back of the bottle manually by the importer in the duty-free warehouse before customs clearance. The Korean language label should contain the following information:

1. Product Name (e.g., Robert Mondavi Cabernet Sauvignon)
2. Country of origin (e.g., U.S.A)
3. Product Type (e.g., Grape Wine)
4. Importer's name, address, and phone number
5. Date of bottling (e.g., Year-Month-Day or Julian Code)
6. Alcohol percentage and product volume (e.g., 13.5%, 750 ml)
7. Name of major ingredients (e.g., Grape)
8. Name of place where the product can be returned or exchanged in case the product has any defect.
9. Instructions for proper storage
10. Name of food additives used (e.g., Sulfur Dioxide)
11. Mandatory health warning clause
12. Mandatory warning clause against liquor sales to minors.
13. Name of designated distribution channel (only required on bottles sold in retail stores. Bottles sold in retail stores should be marked "For Home Use".)

- Fruit images or photos are not allowed on the label of food and beverage products, including wine, if the product contains synthetic flavors only.
- Currently USDA organic certified wine is allowed to be labeled and marketed as organic wine in Korea. However, the Korean government has revised its organic labeling regulation, and accordingly will not recognize foreign organic certificates after 2013 (which means foreign products will have to be certified by a Korean government accredited certifying body to be labeled and marketed as organic product in Korea). American suppliers of organic wine are advised to contact the ATO Seoul for up-to-date information about the Korean organic labeling standards.
- Korean government (Ministry of Food & Drugs Safety) has announced in September 2013 that it was planning to no longer accept 'lot number' as an allowed option of bottling date

labeling. American suppliers who are using lot numbers for bottling date are advised to contact the ATO Seoul for updated information on this new policy.

3. Inspections & Food Safety Standards

- Imported foods and beverages, including alcohol beverages, are subject to food safety inspections. There are two kinds of inspections: detailed inspection (chemical analysis) and visual inspection (document inspection).
- The first commercial shipment of new-to-market wine is mandated to a detailed inspection, which under Korean laws should take no longer than 10 working days (in case of incubation test, up to 14 working days). However, importers claim that in practice it could take longer. For detailed inspection, importers are required to submit one sample bottle of each wine to the inspection authority along with detailed product information such as major ingredient list and processing flow chart. Once detailed inspection on the first shipment confirms no potential health concerns, subsequent shipments of the same product will be subject to visual (document) inspections. Visual inspection should take no longer than 3 working days provided that the product in the subsequent shipment is identical to the product in the first shipment with respect to label, product name, ingredients and net volume (vintage change is not recognized as a reason for requiring detailed inspection). However, local authority maintains a policy to require detailed inspections randomly on a significant portion of subsequent shipments of identical products. For more information about Korean regulations and standards on imported agricultural products, please refer to FAIRS Country Report (Food and Agricultural Import Regulations and Standards) written by the Agricultural Affairs Office of the U.S. Embassy Seoul (available in www.fas.usda.gov under Attaché Report section).
- The cost of mandatory lab analysis for detailed inspection has been on a steep increase over the last few years. At the moment, each detailed inspection costs the importer about \$300 of fee.
- Korean labeling regulations for alcohol percentage allows for a +/- 0.5 percent point margin of error for the difference between the labeled and actual alcohol content. For example, a wine labeled as 12 percent alcohol must be measured within 11.5 percent to 12.5 percent range.
- Several shipments of wine have reportedly failed the import inspection recently as the Korean lab analysis found presence of sorbic acid in the wine while sorbic acid was not listed as an additive used on the product label. Korean authority uses HPLC method for testing sorbic acid. HPLC has a 1.5 ppm detection limit, which is far more sensitive than other methods used by most wineries around the world. American suppliers should take extra caution not to declare 'not detected' claim for sorbic acid (thus not listing it on the label) based on the result of its less sensitive analysis method.
- Korean government is paying more attention to food safety issues for imported food. When a new food safety issue associated with specific additive or ingredient arises, local authority may enforce additional safety standards and tests on imported wine. For example, test for Melamine was temporarily added to detailed inspection for imported wine from March 2009 until June 2011 due to a food safety scandal involving Melamine. Tests for Ochratoxin A and lead have

been newly added to detailed inspection for imported wine since July 2010. Other ingredients that Korean authority currently considers adding tests or strengthening safety standards for imported wine include Ethyl carbamate and Cyclamate. Consumer groups have also been questioning the safety of Sulfur dioxide in wine.

- Below table summarizes key food safety and additive standards currently applied to fruit wine in Korea:

| Key Issue | | Standards |
|-----------|--|---|
| 1 | Methanol | Less than 1.0 mg/ml |
| 2 | Food Preservatives | Preservatives other than those specified below should not be detected in fruit wine. (1) Sorbic acid (Potassium Sorbate): Less than 0.2 g/liter (2) Sulfur dioxide: Less than 0.35g/kg |
| 3 | Ochratoxin A | Less than 2ug/kg |
| 4 | Melamine | Less than 2.5 mg/kg |
| 5 | Lead | Less than 0.2mg/kg |
| 6 | Food Additives that can be added to fruit wine | (1) Sweeteners: Sugar, Glucose, Fructose, Wheat-gluten, Molasses syrup, Maple syrup, Oligo sugar, Honey, Aspartame, Sorbitol, Stebioside, Sorbitol, Sucralose, Acelsulfame potassium, Erythritol, Xylitol (2) Acids: Lactic acid, Succinic acid, Acetic acid, Fumalic acid, Gluconic acid, Tartaric acid, Citric acid, Malic acid, Tannic acid (3) Seasonings: Amino acids, Glycerin, Dextrin, Hop, Minerals (4) Flavorings: Ester compounds, Aldehyde compounds, Fusel compounds (5) Colorants: Compounds allowed by the food safety law |
| 7 | Total Heavy Metals | Below 10 mg/Kg |
| 8 | Food poisoning pathogens | Should not be detected: <i>Salmonella spp.</i> , <i>Staphylococcus aureus</i> , <i>Vibrio parahaemolyticus</i> , <i>Clostridium perfringens</i> , <i>Listeria monocytogenes</i> , <i>Escherichia coli O157:H7</i> |

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

- For further information about the Korean agricultural market, please contact:

U.S. Agricultural Trade Office Seoul

Korean Address: Room 303, Leema Building, 146-1, Susong-dong, Jongro-gu, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-ATO, APO, AP 96205-5550

Telephone: 82-2 397-4188

Fax: 82-2 720-7921

E-mail: atoseoul@fas.usda.gov

Internet homepage: www.atoseoul.com

Agricultural Affairs Office, U.S. Embassy Seoul

Korean Address: U.S. Embassy, 82, Sejong-ro, Jongro-gu, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-AgAff, APO, AP 96205-5550
Telephone: 82-2 397-4297 Fax: 82-2 738-7147
E-mail: agseoul@usda.gov

- For more information on how you can register for USDA/FAS' Supplier List:
The United States Department of Agriculture's Foreign Agricultural Service (USDA/FAS) offers information and services that can be beneficial to both new and experienced exporters. For example, the U.S. Suppliers Service is a searchable database of over 5,000 U.S. exporters and their products, which is used by USDA/FAS to help facilitate connecting potential buyers with U.S. suppliers. This database is used by more than 85 USDA FAS Overseas offices to help export agents, trading companies, importers and foreign market buyers locate U.S. suppliers. It is also used to recruit U.S. exporters to participate in market development activities sponsored by USDA and federal export programs.

You can register online for this service at
http://www.fas.usda.gov/agx/partners_trade_leads/us_suppliers_list.asp

- For further information about sanitary and phytosanitary requirements, please contact:

U.S. Animal Plant and Health Inspection Service Seoul (APHIS)
Korean Address: Room 303, Leema Building, 146-1, Susong-dong, Jongro-gu, Seoul, Korea
U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-APHIS, APO, AP 96205-5550
Telephone: 82-2 725-5495 Fax: 82-2 725-5496
E-mail: yunhee.kim@aphis.usda.gov
Internet Homepage: www.aphis.usda.gov

- For information about financial supports and export aid programs offered by Strategic Trade Regional Groups, please contact:

Food Export Association of the Midwest USA
309 W. Washington St., Suite 600
Chicago, Illinois 60606
Telephone: 312-334-9200 Fax: 312 334-9230
E-mail: thamilton@foodexport.org
Website: www.foodexport.org

Western United States Agricultural Trade Association (WUSATA)
2500 Main Street, Suite 110, Vancouver, WA 98660-2697, USA
Telephone: 360-693-3373 Fax: 360-693-3464
E-mail: janet@wusata.org
Website: www.wusata.org

Food Export USA - Northeast Region of the United States
150 S. Independence Mall West, 1036 Public Ledger Building
Philadelphia, PA 19106, USA
Telephone: 215-829-9111 Fax: 215-829-9777
E-mail: jcanono@foodexportusa.org

Website: www.foodexportusa.org

Southern United States Agricultural Trade Association (SUSTA)

2 Canal Street Suite 2515, New Orleans, LA 70130, USA

Telephone: 504-568-5986 Fax: 504-568-6010

E-mail: jim@susta.org

Website: www.susta.org

- For information on the non-agricultural commercial and industrial products in Korea, please contact:

U.S. Commercial Service

Korean Address: U.S. Embassy, 82, Sejong-ro, Jongro-gu, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-USCS, APO, AP 96205-5550

Telephone: 82-2 397-4535 Fax: 82-2 739-1628

E-mail: Seoul.office.box@mail.doc.gov

Homepage: www.buyusa.gov/korea

APPENDIX: WINE IMPORT STATISTICS

Table 1: South Korea's Annual Wine Imports

| Year | Value | Growth | Volume | Growth |
|------|---------|--------|------------|--------|
| 1992 | 5,644 | 65.3% | 2,109,570 | 68.9% |
| 1993 | 5,855 | 3.7% | 3,233,975 | 53.3% |
| 1994 | 8,104 | 38.4% | 4,225,764 | 30.7% |
| 1995 | 13,633 | 68.2% | 6,181,234 | 46.3% |
| 1996 | 16,406 | 20.3% | 5,852,665 | -5.3% |
| 1997 | 22,809 | 39.0% | 9,390,449 | 60.4% |
| 1998 | 6,491 | -71.5% | 2,558,561 | -72.8% |
| 1999 | 15,122 | 133.0% | 5,766,043 | 125.4% |
| 2000 | 19,802 | 31.0% | 8,052,562 | 39.7% |
| 2001 | 23,109 | 16.7% | 8,861,609 | 10.0% |
| 2002 | 29,432 | 27.4% | 11,522,387 | 30.0% |
| 2003 | 45,783 | 55.6% | 13,979,720 | 21.3% |
| 2004 | 57,979 | 26.6% | 15,897,748 | 13.7% |
| 2005 | 67,654 | 16.7% | 18,984,127 | 19.4% |
| 2006 | 88,607 | 31.0% | 22,194,500 | 16.9% |
| 2007 | 150,364 | 69.7% | 31,810,196 | 43.3% |
| 2008 | 166,512 | 10.7% | 28,795,281 | -9.5% |
| 2009 | 112,450 | -32.5% | 23,009,429 | -20.1% |
| 2010 | 112,888 | 0.4% | 24,568,118 | 6.8% |
| 2011 | 132,079 | 17.0% | 26,003,973 | 5.8% |

| | | | | |
|---------------------|---------|-------|------------|-------|
| 2012 | 147,260 | 11.5% | 28,083,744 | 8.0% |
| 2013 (through June) | 85,173 | 25.9% | 16,343,127 | 27.7% |

Source: Korea Trade Information Service Database (KOTIS)

Unit: \$1,000 (Value), Liter (Volume)

Table 2. South Korea's Wine Imports Broken down by Country and Product

| Country | Category | 2012 | | | | | | 2013 (through June) | | | | | |
|----------|---------------|--------|-----------|--------------|---------------|-----------|------------|---------------------|-----------|--------------|---------------|-----------|------------|
| | | Value | Volume | Value Growth | Volume Growth | Value M/S | Volume M/S | Value | Volume | Value Growth | Volume Growth | Value M/S | Volume M/S |
| France | Red Bottle | 32,515 | 3,160,913 | 5.0% | -3.4% | 32.0% | 18.3% | 18,495 | 1,767,244 | 25.9% | 52.9% | 30.8% | 17.6% |
| | Red Bulk | 125 | 3,292 | 19.9% | 42.1% | 5.9% | 0.2% | 33 | 841 | 58.8% | 53.9% | 2.5% | 0.1% |
| | White Bottle | 3,306 | 332,857 | 9.5% | 9.8% | 15.2% | 7.2% | 2,360 | 214,038 | 39.1% | 16.7% | 20.4% | 9.0% |
| | White Bulk | 35 | 1,651 | 58.3% | -38.9% | 1.8% | 0.1% | 5 | 425 | 84.8% | 73.8% | 0.3% | 0.0% |
| | Sparkling | 10,274 | 412,305 | 18.8% | 12.4% | 55.4% | 16.2% | 4,758 | 176,438 | 22.9% | 8.9% | 49.2% | 12.5% |
| | Others Bottle | 233 | 12,818 | 17.1% | -22.5% | 26.3% | 14.3% | 114 | 10,984 | 0.9% | 50.3% | 22.0% | 15.2% |
| | Others Bulk | 63 | 2,576 | 37.6% | -54.8% | 14.5% | 6.5% | 68 | 2,924 | 106.1% | 134.3% | 31.8% | 24.8% |
| | Total | 46,551 | 3,926,412 | 7.8% | -1.0% | 31.6% | 14.0% | 25,835 | 2,172,896 | 25.9% | 43.6% | 30.3% | 13.3% |
| Chile | Red Bottle | 27,667 | 5,806,811 | 4.8% | 4.3% | 27.2% | 33.6% | 17,047 | 3,445,282 | 24.0% | 17.5% | 28.4% | 34.3% |
| | Red Bulk | 354 | 224,126 | 704.5% | 367.4% | 16.8% | 15.0% | 295 | 174,360 | 408.6% | 229.9% | 22.0% | 19.0% |
| | White Bottle | 2,315 | 607,278 | -1.1% | 2.6% | 10.7% | 13.2% | 1,149 | 315,346 | -2.3% | 2.5% | 9.9% | 13.3% |
| | White Bulk | 0 | 15 | 100.0% | - | 0.0% | 0.0% | 179 | 120,015 | N/A | N/A | 10.2% | 7.9% |
| | Sparkling | 125 | 26,028 | 50.6% | 145.3% | 0.7% | 1.0% | 28 | 5,368 | 56.9% | 58.1% | 0.3% | 0.4% |
| | Others Bottle | 13 | 2,194 | 13.3% | 14.4% | 1.5% | 2.4% | 9 | 1,702 | 12.5% | 25.3% | 1.7% | 2.4% |
| | Others Bulk | 15 | 1,553 | 7.1% | -0.6% | 3.5% | 3.9% | 6 | 734 | 14.3% | 18.9% | 2.8% | 6.2% |
| | Total | 30,489 | 6,668,005 | 4.3% | 3.2% | 20.7% | 23.7% | 18,712 | 4,062,807 | 24.2% | 22.8% | 22.0% | 24.9% |
| Italy | Red Bottle | 11,473 | 1,717,043 | 8.5% | 12.6% | 11.3% | 9.9% | 6,784 | 922,032 | 33.6% | 30.6% | 11.3% | 9.2% |
| | Red Bulk | 348 | 154,398 | 32.3% | 10.3% | 16.5% | 10.3% | 144 | 63,947 | 17.7% | 17.0% | 10.7% | 7.0% |
| | White Bottle | 7,401 | 1,626,131 | 11.2% | 8.9% | 34.1% | 35.3% | 3,548 | 734,286 | 11.8% | 4.0% | 30.7% | 31.0% |
| | White Bulk | 315 | 153,154 | 4.3% | -2.6% | 16.4% | 7.7% | 74 | 32,906 | 60.6% | 62.1% | 4.2% | 2.2% |
| | Sparkling | 4,899 | 1,038,981 | 16.9% | 21.0% | 26.4% | 40.7% | 3,158 | 633,642 | 17.4% | 7.0% | 32.6% | 44.8% |
| | Others Bottle | 124 | 9,012 | 125.5% | 84.0% | 14.0% | 10.0% | 57 | 2,860 | 29.6% | 51.6% | 11.0% | 4.0% |
| | Others Bulk | 35 | 3,150 | 59.1% | 46.6% | 8.1% | 8.0% | 20 | 2,152 | 42.9% | 81.0% | 9.3% | 18.3% |
| | Total | 24,595 | 4,701,869 | 11.5% | 12.4% | 16.7% | 16.7% | 13,784 | 2,391,826 | 21.0% | 9.9% | 16.2% | 14.6% |
| The U.S. | Red Bottle | 13,534 | 2,480,183 | 39.2% | 21.7% | 13.3% | 14.3% | 7,532 | 1,378,937 | 27.7% | 23.9% | 12.5% | 13.7% |
| | Red Bulk | 464 | 278,844 | 73.8% | 51.3% | 22.0% | 18.6% | 312 | 197,017 | 92.6% | 89.3% | 23.2% | 21.5% |
| | White Bottle | 2,326 | 439,212 | 45.8% | 24.0% | 10.7% | 9.5% | 1,359 | 252,425 | 43.2% | 23.3% | 11.7% | 10.7% |
| | White Bulk | 96 | 59,867 | -2.0% | 8.1% | 5.0% | 3.0% | 59 | 40,791 | 63.9% | 68.4% | 3.4% | 2.7% |

| | | | | | | | | | | | | | | | | |
|-----------|---------------|--------|-----------|--------|---------|--------|--------|-------|-----------|--------|--------|-------|-------|-------|------|------|
| | Sparkling | 335 | 55,042 | 3.7% | 10.7% | 1.8% | 2.2% | 276 | 70,837 | 89.0% | 238.9% | 2.9% | 5.0% | | | |
| | Others Bottle | 229 | 26,316 | 39.6% | 50.1% | 25.8% | 29.3% | 134 | 8,294 | 11.8% | - | 57.2% | 25.9% | 11.5% | | |
| | Others Bulk | 190 | 7,598 | 9.8% | 128.6% | 43.8% | 19.2% | 65 | 2,265 | 31.6% | - | 14.6% | 30.4% | 19.2% | | |
| | Total | 17,174 | 3,347,062 | 39.1% | 23.9% | 11.7% | 11.9% | 9,737 | 1,950,566 | 30.9% | - | 31.1% | 11.4% | 11.9% | | |
| Australia | Red Bottle | 6,086 | 950,786 | -1.1% | 0.2% | 6.0% | 5.5% | 3,339 | 467,692 | 4.9% | -5.0% | 5.6% | 4.7% | | | |
| | Red Bulk | 23 | 2,070 | 666.7% | 1357.7% | 1.1% | 0.1% | 9 | 1,228 | 200.0% | 105.7% | 0.7% | 0.1% | | | |
| | White Bottle | 1,635 | 287,005 | 41.2% | 27.7% | 7.5% | 6.2% | 585 | 87,708 | 26.4% | - | 40.7% | 5.1% | 3.7% | | |
| | White Bulk | 37 | 2,506 | - | - | 47.1% | -45.5% | 1.9% | 0.1% | 100.0% | 100.0% | 0.0% | 0.0% | | | |
| | Sparkling | 415 | 66,557 | 30.1% | 35.9% | 2.2% | 2.6% | 119 | 16,678 | 46.9% | - | 55.7% | 1.2% | 1.2% | | |
| | Others Bottle | 60 | 7,538 | 31.8% | -41.2% | 6.8% | 8.4% | 23 | 2,976 | 34.3% | - | 22.4% | 4.4% | 4.1% | | |
| | Others Bulk | 13 | 884 | - | - | 31.6% | -16.8% | 3.0% | 2.2% | 6 | 485 | 40.0% | - | 17.0% | 2.8% | 4.1% |
| | Total | 8,269 | 1,317,346 | 5.9% | 6.1% | 5.6% | 4.7% | 4,081 | 576,767 | -4.8% | - | 15.8% | 4.8% | 3.5% | | |
| | | | | | | | | | | | | | | | | |
| Spain | Red Bottle | 5,900 | 2,273,337 | 14.1% | 8.9% | 5.8% | 13.1% | 3,900 | 1,424,943 | 54.1% | 47.5% | 6.5% | 14.2% | | | |
| | Red Bulk | 736 | 813,853 | -2.8% | -7.7% | 34.9% | 54.3% | 523 | 464,467 | 57.1% | 33.2% | 38.9% | 50.7% | | | |
| | White Bottle | 1,052 | 760,971 | 27.7% | 32.9% | 4.8% | 16.5% | 654 | 416,135 | 23.2% | 4.6% | 5.7% | 17.6% | | | |
| | White Bulk | 1,389 | 1,748,359 | 2.1% | -9.5% | 72.5% | 87.6% | 1,395 | 1,281,021 | 105.8% | 50.3% | 79.9% | 84.8% | | | |
| | Sparkling | 785 | 234,085 | 39.7% | 53.1% | 4.2% | 9.2% | 348 | 90,508 | 27.0% | 8.3% | 3.6% | 6.4% | | | |
| | Others Bottle | 93 | 24,891 | -6.1% | 52.5% | 10.5% | 27.7% | 55 | 10,363 | 14.6% | - | 13.2% | 10.6% | 14.3% | | |
| | Others Bulk | 11 | 1,341 | 37.5% | 27.7% | 2.5% | 3.4% | 9 | 1,044 | 125.0% | 111.8% | 4.2% | 8.9% | | | |
| | Total | 9,967 | 5,856,837 | 13.5% | 3.8% | 6.8% | 20.9% | 6,884 | 3,688,481 | 56.6% | 38.6% | 8.1% | 22.6% | | | |
| Germany | Red Bottle | 820 | 236,618 | 6.8% | 7.1% | 0.8% | 1.4% | 491 | 140,574 | -5.2% | -0.3% | 0.8% | 1.4% | | | |
| | Red Bulk | 0 | 19 | - | 100.0% | -98.0% | 0.0% | 0 | 0 | N/A | N/A | 0.0% | 0.0% | | | |
| | White Bottle | 1,830 | 326,188 | 19.4% | 48.0% | 8.4% | 7.1% | 637 | 106,721 | -4.2% | -7.3% | 5.5% | 4.5% | | | |
| | White Bulk | 2 | 257 | 0.0% | -48.6% | 0.1% | 0.0% | 0 | 0 | 100.0% | 100.0% | 0.0% | 0.0% | | | |
| | Sparkling | 252 | 52,389 | 25.4% | 2.4% | 1.4% | 2.1% | 117 | 22,725 | 53.9% | 46.3% | 1.2% | 1.6% | | | |
| | Others Bottle | 12 | 1,086 | 100.0% | 10.4% | 1.4% | 1.2% | 2 | 294 | 33.3% | -6.7% | 0.4% | 0.4% | | | |
| | Others Bulk | 5 | 440 | 25.0% | 28.7% | 1.2% | 1.1% | 3 | 230 | 50.0% | -4.6% | 1.4% | 2.0% | | | |
| | Total | 2,921 | 616,997 | 16.1% | 24.6% | 2.0% | 2.2% | 1,249 | 270,544 | -1.3% | -0.6% | 1.5% | 1.7% | | | |
| Others | Red Bottle | 3,646 | 679,215 | 5.6% | -0.6% | 3.6% | 3.9% | 2,446 | 493,262 | 38.1% | 43.6% | 4.1% | 4.9% | | | |
| | Red Bulk | 61 | 21,231 | 190.5% | 1473.8% | 2.9% | 1.4% | 27 | 15,035 | 27.0% | - | 11.7% | 2.0% | 1.6% | | |
| | White Bottle | 1,860 | 224,855 | 5.7% | -8.7% | 8.6% | 4.9% | 1,279 | 238,761 | 42.9% | 119.2% | 11.1% | 10.1% | | | |
| | White Bulk | 43 | 30,560 | 258.3% | 91.9% | 2.2% | 1.5% | 35 | 35,612 | 16.7% | 21.0% | 2.0% | 2.4% | | | |
| | Sparkling | 1,459 | 664,766 | 91.5% | 87.4% | 7.9% | 26.1% | 874 | 399,066 | 102.8% | 110.5% | 9.0% | 28.2% | | | |
| | Others Bottle | 123 | 6,008 | 80.9% | 3.3% | 13.9% | 6.7% | 124 | 34,887 | 67.6% | 740.7% | 23.9% | 48.2% | | | |
| | Others Bulk | 102 | 22,581 | 67.2% | 956.6% | 23.5% | 55.6% | 106 | 12,617 | 54.2% | 12.0% | 17.3% | 16.5% | | | |

| | | | | | | | | | | | | | |
|-------------|---------------|---------|------------|-------|--------|--------|--------|--------|------------|-------|-------|--------|--------|
| | Bulk | | | | | | | | | | | | |
| | Total | 7,294 | 1,649,216 | 18.9% | 26.0% | 5.0% | 5.9% | 4,891 | 1,229,240 | 49.7% | 77.0% | 5.7% | 7.5% |
| Grand Total | Red Bottle | 101,641 | 17,304,906 | 9.0% | 5.9% | 69.0% | 61.6% | 60,034 | 10,039,966 | 26.6% | 27.9% | 70.5% | 61.5% |
| | Red Bulk | 2,111 | 1,497,833 | 39.5% | 19.0% | 1.4% | 5.3% | 1,343 | 916,895 | 58.4% | 52.3% | 1.6% | 5.6% |
| | White Bottle | 21,725 | 4,604,497 | 15.0% | 14.9% | 14.8% | 16.4% | 11,571 | 2,365,420 | 17.1% | 8.9% | 13.6% | 14.5% |
| | White Bulk | 1,917 | 1,996,369 | - | -17.1% | 1.3% | 7.1% | 1,747 | 1,510,770 | 74.2% | 51.5% | 2.1% | 9.3% |
| | Sparkling | 18,544 | 2,550,153 | 22.9% | 34.7% | 12.6% | 9.1% | 9,678 | 1,415,262 | 24.5% | 27.0% | 11.4% | 8.7% |
| | Others Bottle | 887 | 89,863 | 27.8% | 17.0% | 0.6% | 0.3% | 518 | 72,360 | 0.8% | 33.5% | 0.6% | 0.4% |
| | Others Bulk | 434 | 40,123 | 8.0% | 128.9% | 0.3% | 0.1% | 282 | 22,454 | 13.2% | 40.7% | 0.3% | 0.1% |
| | Total | 147,260 | 28,083,744 | 11.5% | 8.0% | 100.0% | 100.0% | 85,173 | 16,343,127 | 25.9% | 27.7% | 100.0% | 100.0% |

Source: Korea Trade Information Service Database (KOTIS)

Unit: \$1,000 (Value), Liter (Volume)