Overview on the Korean Food Industry

2013. 11. 14 (Thursday)
Overview Korea
EU FTA

Upbringing Policy of Korean Food Industry

Development and Changes of Korean Food Industry

Overview Korea-EU FTA

Upbringing Policy of Korean Food Industry

Overview of Market by major item
Development and Changes of Korean Food Industry
Overview of Domestic and Foreign Food Industry

**International Food Market**

- *about 5.1 trillion dollar in 2010*
  - As increasing of world population and growing of a developing nations, expect the growth of $5.4 trillion in 2012, $5.8 trillion in 2014, $6.4 trillion in 2020
  - World leading countries seek to create national wealth, expand employment, and export industrialization through competitiveness improvement of Food Industry
  - Europe (2.2 trillion), Asia-Pacific (1.7), North America (0.9), South America (0.5), East Asia-Africa (0.1)

**Korean Food Market**

- **144 trillion won in 2011**
  - Food manufacturer 70 trillion won, Food service industry 74 trillion
  - Employee of Food Industry: 1.880
  - Domestic food market is increased by 8.6% during 10 years

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*Reference: Major Index of Food Industry of 2010*
Globalization: Emerging market of Asia, Intensifying competition
at least a billion people of new customers will be appeared within 10 years

Changes of Population Structure: The expansion of Aging and Multicultural Society
Expectation of entering super aged society of Korea in 2026

Climatic Change: Intensifying Global warming, Exhaustion of Natural Source and Energy
During the past century (1906~2005), 0.74°C increased

Value Change: From Price and quantity mainstay to Health, nutrition, and safety mainstay
During 1998~2006, the area of environment-friendly agriculture increased by 305%

Technical progression and convergence: Convergence including BT, IT, NT
The fate of a country will be affected by imagination and creativity

The Food Keyword of Korea is **DRAGON**

- **D**o It Yourself
- **R**enewal
  - Low Fertility & Aging
  - Increase of Single and Double-income Family
  - Recession
  - Increase of Wellbeing consciousness
- **A**ge-old Products
- **G**ood Buy
- **O**rganic
- **N**o Sugar

(Reference) Financial News
Giant Agrifood Market & Potential of growth of Asia

IT: $3.5 trillion
Automobile: $1.6 trillion

Food: $4.4 trillion
Agro-Fishery products: $1.4 trillion

Revenue more than $15,000 of 2013
= 5.3 billion people
Asia Agrifood market of 2020
= $2.5 trillion

Enlarged Food Industry Market

(Source: Datamonitor, 2009)

2003 2010 2020

China: 150 million
Russia: 62 million
Japan: 110 million
India: 80 million
Indonesia: 4 million
Singapore: 5 million
Taiwan: 18 million
Thailand: 8 million
Hong Kong: 6 million

2020 Projection:

$6.4 trillion
3.4
4.4
Development and Changes of Korean Food Industry

Post liberation~ 1960s
- Expansion of Food Industry due to Industrialization

1970 ~ 1980s
- Enhancement of Instant food / Globalization

1990s
- Granimprovement dual competitiveness in the slight growth

2010s
- Promotion era of Food Industry

Western style food life was spread out
Increase in consumption of soft drinks & milk product
Increase of Health Functional Food manufacturer
Establishment of Food Industry Promotion Act / Korean Food and Drugs Administrations

Food life settled due to policy of mixed food
Rapid growth of Instant Food
Diversification of Convenience Food

As increasing of military and civilian demands, Sauce was spread out
Demand of Soft drinks increased
Development of Food Service Industry

Globalization of Korean Food

Consumers consciousness about Food Safety expanded
Growth rate of Agrifood exports in the Global Age

- Export of 2012 Agrifood was the highest record as $80 billion
- In spite of global recession, achieved $80 billion through overseas marketing positively
- In spite of decreasing 13% of national export, agriculture and fisheries food was increased by 4.1%

![Annual export statistic of Agro-Fishery Products](chart)

- Breakthrough $30 billion (Increased by 6.3% annually)
- Breakthrough $40 billion / taking 20 years (Increased by 1.0% annually)
- (Increased by 16% annually)
Export Trend of Agrifood (country)

- Export Increased of new market such as USA, EU & Diversification of Export market
  - 6.6 million dollar of USA (Increased by 10.7% compared to last year),
  - 4.2 million dollar of EU (Increased by 15.6%)

### Weight of export per Country

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan</th>
<th>China</th>
<th>USA</th>
<th>Russia</th>
<th>Hong Kong</th>
<th>Taiwan</th>
<th>ASEAN</th>
<th>EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>60.5%</td>
<td></td>
<td></td>
<td>6.7</td>
<td>7.4</td>
<td>2.6</td>
<td>4.9</td>
<td>5.0</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td>42.6%</td>
<td></td>
<td>10.0</td>
<td>10.8</td>
<td>6.1</td>
<td>3.9</td>
<td>3.6</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td>30.9%</td>
<td>18.0</td>
<td>7.8</td>
<td>3.2</td>
<td>4.0</td>
<td>13.4</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td>29.8%</td>
<td>16.0</td>
<td>8.3</td>
<td>3.2</td>
<td>3.7</td>
</tr>
</tbody>
</table>
The growth in the popularity of K-food with Korean wave in the world

- **Hot Seller of 2011 in Japan**: Makgeoli (raw rice wine) ranked 7th, Red vinegar ranked 14th

- **Russia**: Choco-pie, Doshirak Ramen, Sempio Soy sauce, Ottogi Mayonnaise

- **East Asia**: Spout Gum, Maeil powdered milk
Infrastructure construction about expanding K-food to the world

- **Cosmopolitan focused on Korean food & National brand enhanced**

- Rate of visiting Korean restaurant is increased: ('09) 20% → ('12) 61.5%
- Korean food preference is increased (by NY citizen): ('09) 9% → ('12) 55%
- Overseas Korean restaurant got Michelin Star for the first time: ('10) 0개 → ('12) 5개
Overview of Korea–EU FTA
Signed 9 of FTAs with 46 nations including EU and America (as of Oct., 2013)
## Korea-EU FTA (effected on July 1, 2011)

### Scale of Agro-Fishery food import and export yearly

(Unit: million in USD, %)

<table>
<thead>
<tr>
<th></th>
<th>EU Export</th>
<th>EU Import</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010.7~2011.6</td>
<td>2010.7~2011.6</td>
</tr>
<tr>
<td></td>
<td>2011.7~2012.6</td>
<td>2011.7~2012.6</td>
</tr>
<tr>
<td>Growth rate</td>
<td>Growth rate</td>
<td>Growth rate</td>
</tr>
<tr>
<td>364.7</td>
<td>389.9</td>
<td>2,382.0</td>
</tr>
<tr>
<td>6.9</td>
<td></td>
<td>2,990.9</td>
</tr>
<tr>
<td>25.6</td>
<td></td>
<td>25.6</td>
</tr>
</tbody>
</table>

### Major export items

- **Tuna**: 37.7 million dollar (Decreased by 47.2%)
- **Mushrooms**: 5.6 million dollar (Increased by 69.8%)
- **Ramen**: 12.9 million dollar (Increased by 22.4%)

### Major import items

- **Prepared coffee**: 44.5 million dollar (Increased by 122.1%)
- **Olive Oil**: 64.8 million dollar (Decreased by 14.3%)
- **Pork**: 681.2 million dollar (Increased by 26.7%)
Major Upbringing Policy of Food Industry
Reformed Government organization for promoting Food Industry

- (Government) Reformed to Ministry of Agriculture, Food and Rural Affairs (MAFRA) for promoting Food Industry
  - Agricultural policy in the past -> Agriculture Industry + Food Industry
  - Food Industry Promotion Act effected (08.6.28)

- (Public corporation) Specialized support agency for Agrifood
  - Korea Agro-Fisheries Trade Corporation -> Korea Agro-Fisheries & Food Trade Corporation
  - Expansion of Business Range
    - (Past) Distribution & Export of agro-fishery products
    - (Expansion) Development of Food Industry + Grain Business + Cyber exchange

Reformed organizations

- Core function to develop Food Industry
  - Foundation of Food corporation promotion center
  - Improvement of food reserves supply function in food service industry
  - Develop support system of food information

Global strengthening of ability

- Expansion of overseas export based on distribution
- Securement of food independence due to introduction of overseas grain

Build a System of export expansion to create the result

- Develop Export strategy item
- Develop professional organization of export
**Promotion Plan for Food Industry**

**Vision & Objectives**

- Develop global Food Industry to lead Agriculture and Fishing
  - Revenue of Food Industry: ('09) 131 trillion → ('17) 245
  - Agrifood export: ('09) 48 billion dollar → ('17) 100
  - Employee of Food Industry: ('09) 176 million → ('17) 200

**Major Policy Project**

<table>
<thead>
<tr>
<th>Expansion of Food Industry Infrastructure</th>
<th>Connection reinforcement with agriculture and Fisheries</th>
<th>Enhancement of global competitiveness</th>
<th>Customer information offering and protection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion of Food R&amp;D</td>
<td>Food processing vitalization</td>
<td>Export expansion of agrifood</td>
<td>Enforcement of providing consumers’ information</td>
</tr>
<tr>
<td>National Food Cluster</td>
<td>Developing local strategy item</td>
<td>Globalization of Korean food</td>
<td>Reforming certification system</td>
</tr>
<tr>
<td>Training Food manpower</td>
<td>Developing convergence corporation with agriculture and manufacture</td>
<td>Supporting overseas expansion of food corporation</td>
<td>Education of green food life</td>
</tr>
<tr>
<td>Enforcement Statistic &amp; information management</td>
<td>Boosting consumption of best food reserves</td>
<td>Developing traditional fermented food</td>
<td>Enforcement prevention safety management</td>
</tr>
<tr>
<td>Expansion of financial support</td>
<td>Developing food service industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support center for Agrifood</td>
<td>Processing industry per item vitalization</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>VITALIZATION OF RELATED INDUSTRY</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>
Opened Food, Agriculture and Fishery support center for small food business support(2012.1)

Objective

Customizing support of food service corporation through management consultant

“Achieve to two thousand food corporations with revenue more than 10 billion won till 2017”

1. Consulting
2. Overall Checkup
3. Customizing support
4. Post Management

aT Customizing support
- Consulting
- Fund support (Purchasing raw material, facility modernization)
- Export (global marketing, etc)

Connected with external network
- R&D (Rural development administration, Korea food research institute, universities)
- Foundations (Consulting company, Association)
- Supporting manpower (human resource development service, universities)
- Education (private educational organization)
National Food Cluster

National food cluster, size of 232 million㎡, was built in Iksan, Jeonbuk

- 150 of food companies and laboratories are located
  - (plan to achieve annual revenue of 4 trillion won)

* 55 of MOU was Contracted MOU (Domestic 41, Overseas 14)

- Established 3 R&D Centers: Evaluation of functionality, Quality and Safety Package Center

- Develop food corporation in the national industrial complex
  - Food corporations: 150
  - Private laboratory: 10
  - Attracting corporations related to Food Industry

- Open cluster of R&D focused
  - R&D is at the level of advanced country
    - (’08)40% → (’15)90%

- Creation of jobs
  - about 22,000 employees

- Develop a National Food Industrial Complex of R&D-Network-Export-oriented
- Deploy R&D center of the level of advanced country and support R&D
- Develop a world-wide food cluster to invite global corporations

※A Comprehensive plan of National Food Cluster(July, 2012)
Aeroview of Food Cluster in Korea
Support of importing Agrifood

Exporting support from production to global marketing

Produce
- Forming export leading organization
- Safety management
- Training export experts
- Making Gardening area
- Export fund support

Commercialization
- Developing exporting products
- Making strategy item
- Establishing joint representative brand

Distribution
- Supporting export distribution cost
- Deploying overseas advanced base
- Safety manual
- Inviting quarantine officer

Global Marketing
- Attending international exhibition
- Promotion with distribution industry
- Intercession of buyer dealings
- Operating sales business directly
- Overseas branch business

Overseas Consumption
- Export information research
- Overseas PR
- Globalization of Korean Food
Support to globalize Food service companies &
Train professional manpower

Support attendee for overseas franchise exhibition

- Support participants to pioneer food service corporation overseas
  - 5 countries with USA and Singapore

Training professional manpower in Korean food

- Educate overseas workers at Korean restaurants (14 regions including New York)
- Educate domestic workers at food service industry (20 educational institutions are operated)

Implementation of global Korean food network

- Build-up operation of overseas Korean Restaurant
  - 12 cities, 1,454 restaurants
- Contracted MOU with global hotel companies
  - IHG, Marriott Hotel
Promote 6th industry linked to Traditional Food Industry

- Feature of tourism resource of small brewery
- Traditional food experience tour linked to KORAIL
- Luxury alcohol contest for enhancing the quality of traditional alcoholic drinks
  - Korean alcoholic drinks show (Sept., 8 of drinks), Participate in International alcoholic drinks contest (June, Sept.)
- Public Relations for pioneering overseas market of traditional food
  - Cooking contest for soy sauce (Nov., Shanghai) Rice cake festival (Sept., Beijing), Making feature program at local broadcasting
- Promote experience event of traditional food
  - Making traditional food for kids / Making Makgeolli for foreigners
Korea Food Show 2013

Meeting place for Producers – Costumers– Food Industry Companies

Win–win partnership of Big–small business
Internal & External customer public relations

411 companies such as small business attended, 91 thousand people attended (Increased by 19% compared to 2012)

Largest scale in Asia
(2 times of Foodex Japan)

Meeting place for Internal and External buyers

Overseas buyers of 26 countries attended

Convergence & growing together

Export marketing of Agrifood

Beyond No.1 Food Exhibition & Convention in Korea,
To No.1 of the world food exhibition
Overview of Market by major item
A. Liquor Industry

Liquor Market of Korea

Scale of Korean Liquor Market in 2012: 9.13 trillion won (compared to 2011, increased by 6%)

- Beer: 4.2 trillion won
  - Domestic: 94%
  - Imported: 6%

- Soju: 2.92 trillion won
  - Domestic: 100%

- Other: 180 billion won
  - Included Sake

- Whisky: 820 billion won
  - Domestic: 15%
  - Imported: 85%

- Makgeolli: 460 billion won
  - Domestic: 100%

- Fruit wine: 550 billion won
  - Domestic: 25%
  - Imported: 75%

Exchange rate: 1 dollar = 1,100 won
Reference: Korea Alcohol & Liquor Industry Association
Market of Import liquor

The scale of Korea Import liquor in 2012: 5,333 hundred million won
(compared to 2011, increased by 4.2%)

* 1 dollar = 1,100 won

<table>
<thead>
<tr>
<th>Category</th>
<th>Year</th>
<th>Amount</th>
<th>Volume</th>
<th>Amount</th>
<th>Volume</th>
<th>Amount</th>
<th>Volume</th>
<th>Growth</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whisky</td>
<td>2010</td>
<td>231,026</td>
<td>2,509,950</td>
<td>225,430</td>
<td>2,381,468</td>
<td>205,934</td>
<td>2,171,435</td>
<td>-8.6%</td>
<td>43%</td>
</tr>
<tr>
<td>Wine</td>
<td>2010</td>
<td>112,888</td>
<td>2,729,791</td>
<td>132,079</td>
<td>2,889,330</td>
<td>147,260</td>
<td>3,120,416</td>
<td>11.5%</td>
<td>30%</td>
</tr>
<tr>
<td>Beer</td>
<td>2010</td>
<td>43,750</td>
<td>5,412,517</td>
<td>58,445</td>
<td>6,554,778</td>
<td>73,591</td>
<td>8,305,505</td>
<td>25.9%</td>
<td>15%</td>
</tr>
<tr>
<td>Liqueur</td>
<td>2010</td>
<td>9,388</td>
<td>465,185</td>
<td>11,213</td>
<td>478,061</td>
<td>18,933</td>
<td>732,456</td>
<td>68.8%</td>
<td>4%</td>
</tr>
<tr>
<td>Cognac</td>
<td>2010</td>
<td>7,278</td>
<td>46,091</td>
<td>7,383</td>
<td>47,807</td>
<td>3,832</td>
<td>732,456</td>
<td>53.2%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Vodka</td>
<td>2010</td>
<td>3,047</td>
<td>111,113</td>
<td>4,205</td>
<td>133,000</td>
<td>6,559</td>
<td>202,559</td>
<td>56.0%</td>
<td>1%</td>
</tr>
<tr>
<td>Tequila</td>
<td>2010</td>
<td>2,904</td>
<td>68,289</td>
<td>2,553</td>
<td>65,092</td>
<td>3,099</td>
<td>76,406</td>
<td>21.4%</td>
<td>1%</td>
</tr>
<tr>
<td>Brandy</td>
<td>2010</td>
<td>1,866</td>
<td>43,892</td>
<td>2,054</td>
<td>44,797</td>
<td>1,480</td>
<td>38,843</td>
<td>-27.9%</td>
<td>0%</td>
</tr>
<tr>
<td>Rum</td>
<td>2010</td>
<td>1,223</td>
<td>65,070</td>
<td>1,425</td>
<td>67,513</td>
<td>1,721</td>
<td>90,593</td>
<td>22.2%</td>
<td>0.2%</td>
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<tr>
<td>ETC</td>
<td>2010</td>
<td>17,978</td>
<td>891,742</td>
<td>19,862</td>
<td>994,984</td>
<td>21,935</td>
<td>1,001,227</td>
<td>10.4%</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>2010</td>
<td>431,354</td>
<td>12,343,638</td>
<td>464,649</td>
<td>13,646,080</td>
<td>484,364</td>
<td>15,755,690</td>
<td>4.2%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Growth</td>
<td>2010</td>
<td>12.9%</td>
<td>10.6%</td>
<td>7.7%</td>
<td>10.6%</td>
<td>4.2%</td>
<td>15.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Unit: 9L case, CIF

*Reference: Korea International Trade Association*
Market of Imported Wine

The size of Imported wine market in 2012: 162 billion won (1 dollar=1,100 won) / 312 million case (compared to 2011, increased by 11.5% / 8%)

*Reference: Korea International Trade Association*
### Statistics of Regional Imported Wine

**1st place of Import Share: France, 1st place of Import Volume: Chile**

| Nations    | 2011 | | | 2012 | | | Growth rate compared to 2011 | | |
|-------------------------------|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|      | Amount | Share | Volume | Share | Amount | Share | Volume | Share | Amount | Share | Volume | Share | Amount | Share | Volume |
| France | 43,184 | 32.7% | 440,889 | 15.3% | 46,551 | 1st 31.6% | 436,268 | 14.0% | 7.8% | -1.0% |
| Chile  | 29,240 | 22.1% | 718,016 | 24.9% | 30,489 | 20.7% | 740,889 | 23.7% | 4.3% | 3.2% |
| Italy  | 22,065 | 16.7% | 464,617 | 16.1% | 24,595 | 16.7% | 522,430 | 16.7% | 11.5% | 12.4% |
| America | 12,345 | 9.3% | 300,213 | 10.4% | 17,174 | 11.7% | 371,896 | 11.9% | 39.1% | 23.9% |
| Spain  | 8,781  | 6.6% | 627,164 | 21.7% | 9,967  | 6.8% | 650,760 | 20.9% | 13.5% | 3.8% |
| Australia | 7,812 | 5.9% | 137,921 | 4.8% | 8,269 | 5.6% | 146,372 | 4.7% | 5.8% | 6.1% |
| German | 2,517  | 1.9% | 55,016 | 1.9% | 2,921  | 2.0% | 68,555 | 2.2% | 16.1% | 24.6% |
| Argentine | 2,155 | 1.6% | 50,213 | 1.7% | 2,599 | 1.8% | 52,391 | 1.7% | 20.6% | 4.3% |
| South Africa | 1,403 | 1.1% | 61,149 | 2.1% | 2,068 | 1.4% | 95,616 | 3.1% | 47.4% | 56.4% |
| Other  | 2,577  | 2.0% | 34,132 | 1.2% | 2,627 | 1.8% | 35,240 | 1.1% | 1.9% | 3.2% |
| **TOTAL** | 132,079 | 100.0% | 2,889,330 | 100.0% | 147,260 | 100.0% | 3,120,416 | 100.0% | 11.5% | 8.0% |

*Unit: 9L Case, (CIF)

*Reference: Korea International Trade Association*
Trend and Outlook of Major Market in Korea

- Expansion of Wellbeing consumption trend
  - Increased of low percentage of alcohol such as beer and wine
  - Decreased of high percentage of alcohol such as whisky
  - Trend of low percentage of alcohol of Soju

- Slowdown of high-level liquor consumption due to recession
  - But, expect to increase of low-level liquor consumption such as beer
B. Coffee Market

Overview of Coffee Market

- Scale of coffee market is increased steadily
  - increased by 20% in every year in the past 5 years
  - Last year, scale of domestic coffee market is 4 billion dollar; increased by 2.6 times compared to 2007

Import Status

- (Unit: million in USD)
  - 2011년: 718.9 (100.3 [Prepared coffee], 90.5 [Coffee bean], 528.1 [New Crop])
  - 2012년: 598.5 (121.3 [Prepared coffee], 92.0 [Coffee bean], 385.2 [New Crop])

* Reference: Hankook Economy

Import Source

- The amount of annual coffee consumed

* Reference: KATI

* Reference: Korea Customs Service
## Status of Coffee Import by Category·Nations

(Unit: million)

<table>
<thead>
<tr>
<th>Overall Coffee</th>
<th>Nations</th>
<th>2011</th>
<th>2012</th>
<th>Growth rate(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td></td>
<td>718,936.7</td>
<td>598,542.3</td>
<td>-16.7</td>
</tr>
<tr>
<td>1</td>
<td>Brazil</td>
<td>149.6</td>
<td>134.5</td>
<td>-10.14</td>
</tr>
<tr>
<td>2</td>
<td>Vietnam</td>
<td>89.6</td>
<td>79.7</td>
<td>-10.98</td>
</tr>
<tr>
<td>3</td>
<td>Colombia</td>
<td>114.1</td>
<td>70.9</td>
<td>-37.87</td>
</tr>
<tr>
<td>4</td>
<td>USA</td>
<td>32.7</td>
<td>45.9</td>
<td>40.58</td>
</tr>
<tr>
<td>5</td>
<td>Honduras</td>
<td>65.8</td>
<td>42.5</td>
<td>-35.45</td>
</tr>
<tr>
<td>6</td>
<td>Peru</td>
<td>54.2</td>
<td>39.1</td>
<td>-27.83</td>
</tr>
<tr>
<td>7</td>
<td>German</td>
<td>18.4</td>
<td>28.8</td>
<td>56.68</td>
</tr>
<tr>
<td>8</td>
<td>Ethiopia</td>
<td>18.0</td>
<td>22.3</td>
<td>23.73</td>
</tr>
<tr>
<td>9</td>
<td>Switzerland</td>
<td>23.9</td>
<td>18.1</td>
<td>-24.24</td>
</tr>
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<td>10</td>
<td>Italy</td>
<td>13.3</td>
<td>14.1</td>
<td>6.02</td>
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</table>

<table>
<thead>
<tr>
<th>Prepared Coffee</th>
<th>Nations</th>
<th>2011</th>
<th>2012</th>
<th>Price(%)</th>
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</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td></td>
<td>100.3</td>
<td>121</td>
<td>21.0</td>
</tr>
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<td>1</td>
<td>Brazil</td>
<td>26.4</td>
<td>42.8</td>
<td>61.92</td>
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<td>2</td>
<td>German</td>
<td>14.3</td>
<td>24.7</td>
<td>72.95</td>
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<tr>
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<td>Colombia</td>
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<td>9.6</td>
<td>85.46</td>
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<tr>
<td>4</td>
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<td>21.7</td>
<td>7.4</td>
<td>-65.75</td>
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<tr>
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<td>7</td>
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<td>USA</td>
<td>5.8</td>
<td>6.8</td>
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<tr>
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<td>Vietnam</td>
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<td>5.9</td>
<td>105.33</td>
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<tr>
<td>8</td>
<td>Egypt</td>
<td>3.2</td>
<td>3.2</td>
<td>2.31</td>
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<tr>
<td>9</td>
<td>Japan</td>
<td>3.8</td>
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<td>-33.62</td>
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<tr>
<td>10</td>
<td>Israel</td>
<td>0.1</td>
<td>2,338.6</td>
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</tr>
</tbody>
</table>
Trend and Outlook of Major Market

- Expect to increase of Coffee market steadily
  - Increase of Coffee beverage and Brewed Coffee
  - Instant Coffee, the biggest category, expect to be congested due to increase of Instant brewed coffee

- Expansion of Premium brands market
  - Heating competition of marketing and sales promotion between high-quality brand and coffee specialty brands
  - Expect the overall coffee market expand as this premium market is expanding

Share Status of Major Coffee Business

<table>
<thead>
<tr>
<th>Division</th>
<th>Dongsuh Food</th>
<th>Nestle of Korea</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>76.7%</td>
<td>21.1%</td>
<td>2.3%</td>
</tr>
<tr>
<td>2012</td>
<td>78.7%</td>
<td>17.6%</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Division</th>
<th>Dongsuh Food</th>
<th>Coca-cola</th>
<th>Lotte Chilsung</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>11.9%</td>
<td>9.4%</td>
<td>33.6%</td>
<td>45.2%</td>
</tr>
<tr>
<td>2012</td>
<td>10.3%</td>
<td>10.6%</td>
<td>33.6%</td>
<td>45.5%</td>
</tr>
</tbody>
</table>
C. Meat Processing Industry

Scale of Meat processing market

- **Meat processing market is increasing steadily**
  - Premium products: Canned ham and sausage is increased steadily but mini-sausage is decreased

Status of importing Pork

- **Increase of Importing market**
  - In 2012, Import is decreased due to increase of domestic livestock number and decrease of price

*Reference: Animal and Plant Quarantine Agency*
Market share status of 5 Major meat processing business (2012)

- DAESANG: 5th, 7.4%
- 4th, 9.1%
- Dongwon: 3rd, 11.3%
- CJ: 1st, 31.3%
- 롯데햄: 2nd, 16.6%
- Other: 24.4%

Trend and Outlook of Major Market

➢ Major code of Consumption is Wellbeing
  - Premium brands such as no artificial additives and low-fat by effecting of wellbeing
Korea Agro-Fisheries & Food Trade Corporation

Purpose of Foundation

To contribute for revenue enhancement of famers and fishermen and balanced development of national economy

History

(67′) Started with the Agriculture and Fishery Development Corporation
(78′) Attended to Price Stability
(86′) Named to Korea Agro-Fisheries Trade Corporation
(92′) Exclusive facility for importing support / (08′) Supervised Food Industry
(12′) Named to Korea Agro-Fisheries & Food Trade Corporation

Functions

Export Promotion
Aggressive exporting support such as fostering professional exporting companies and global marketing

Price stability
Role of national food control office in charge of food security

Distribution Development
Deploy a highway of distribution such as direct dealing with producers and consumers, cyber transactions

Food Industry Fosterage
Foster Food Industry such as intensifying food manufacturer competitiveness and food service industry
Thank You