

KOREA

A. THE MARKET

The most recent data available is from 1990, when the industry co-operative compiled information for Korea Textile Year Book 1991, which is published bi-annually by the Korea Federation of Textile Industries.

Import tariff on towels is 9 per cent on CIF price, which will be reduced to 8 per cent in 1994. There are no non-tariff barriers and quotas on this product in Korea.

The English language is well-integrated into international business circles here, and English-language promotional material is acceptable to potential importers.

Pricing should be discussed with a distributor in Korea, since they of course understand the intricacies of current market trends better than anyone.

Depending on the distribution channel, the retail price of goods imported into Korea is generally 2 to 4 times higher than the import price.

B. BUSINESS ENVIRONMENT

According to the Korean Towel Industry Cooperative, the domestic towel industry has been in a slump since 1988, the result of losing price competitiveness and a resulting surge of towel imports (mostly wash towels) from third world countries.

China, Pakistan and Vietnam were major suppliers in 1992.

As a result, the Korean towel industry has moved to claim the mid to high end market (mostly face and bath towels).

Production in 1989 was just over 9,000 tonnes, worth US\$53.4 million. Towel exports that year were worth US\$1.6 million; imports US\$3 million.

Compare those figures to 1990, when production dropped to 7,732 tonnes, but production value rose to US\$61.5 million. In the same year, exports collapsed to US\$530,000, while imports surged ahead to US\$10 million.

Imports continued to gain ground, rising to US\$7.7 million in just the first six months of 1991.