

Seafood Sales Require Skill, Expertise

Opportunities abound for the knowledgeable exporter to Korea of seafood products.

As Koreans become more affluent and their preference for a greater variety of seafood increases, their selection of high-quality seafood increases.

Foreign pressure has succeeded in prying open the domestic market for imports. Although imports by volume decreased in 1990, the dollar value increased. This suggests that demand for high-quality seafood is on the rise.

Per capita seafood consumption is expected to reach 47 kg by the year 2000, from 33.6 kg in 1988. The reasons for this include raising family incomes, a heightened concern for nutrition and more diverse tastes.

In 1990, Canada exported to Korea US\$10.6 million worth of seafood (3.18 per cent of the total). The comparison with Canada's chief competitors in the high-quality seafood category show Japan exported US\$30.5 million (9.19 per cent), and the United States US\$86.8 million (26.11 per cent).

Though competition varies by species, the U.S. is exporting frozen fish through joint ventures with local companies. But the U.S. has no obvious competitive advantage over Canada. Japan enjoys cultural and proximal advantages; while Norway has a reputation for delivering quality processed and packaged food.

Seafood prices continue to rise sharply and have greatly outpaced the rise in the price index. Consumer prices of the major species, as of the end of August, 1991, show that hairtail prices increased 58 per cent compared to that of 1990, while Alaska pollack and chub mackerel increased 41.7 per cent and 27.7 per cent respectively.

A less than efficient distribution

system, the significant number of middlemen, and illegal marketing channels conducted by large-scale brokers have also contributed to growing costs.

To help alleviate upward price pressure and provide market stability for both the consumer and fishermen, the government has put

in place a temporary price stabilization policy. This policy authorizes the importation — either by open bidding or free contracts — of seafood in great demand or of quality not available locally. It also allows for the purchase and storage of species harvested for release at a later time.

Korea's Agri-Food Market Grows

The Korean food market is valued at approximately US\$12 billion with an annual growth rate of between 12 per cent and 13 per cent during the last three years.

The market is changing rapidly and the Canadian food industry is beginning to see real opportunities in Korea.

There have been some notable recent Canadian marketing successes in Korea, in particular in live lobster, malt, salmon, shellfish, turkeys and confectionery goods.

The Embassy has identified the following areas as excellent potential markets: dairy bulls, chicken, turkey, swine/beef breeding stock, alfalfa, canary seeds, beef, pork, sausages, confectionery products and baby foods.

The country imported a total of US\$768 million of processed foods in 1990, including approximately \$424 million of sugar confectionery products, \$74 million of beverage products, \$125 million of vegetables and fruit preparations, \$51 million of cocoa and pastry products and \$57 million of miscellaneous foods.

Until recently there were two distinct segments of consumers for imported food products. The fastest growing group is the middle class consumer market which buys various products from department

stores, supermarkets and small food stores.

Another small but important market is the tourist hotels which import approximately US\$15 million of processed food products per year through Korea Tourist Hotel Supply Center Inc. (KTHSC).

The taste and preferences of these groups are merging as Koreans begin to travel and acquire a taste for foreign foods.

Growing demand by increasingly affluent consumers has resulted in a surge in demand for high-value agricultural products.

Among import items which at least quadrupled during 1989/90 were frozen beef, barley malt, sugar confectionery, cookies, jams, sausages, crackers and frozen french fries. The import value for chocolate confectionery and whisky tripled in 1990.

Exporters should identify importers that have a knowledge and specialization in their products. Such importers should be appointed as exclusive agents to avoid competition among Korean companies in small market niches.

The Canadian government will continue to press the Korean government to lower barriers in such potentially successful products areas as fish, honey, mineral water, distilled products, feed barley, canola oil and wheat.