

# **Korea's Agro-food Exports and Its Export Promotion Policy**

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## **Agro-food Export in Korea**

Agricultural exports are considered important not only for Korean agriculture but also for the whole national economy. First, it is a leading factor in the growth of the agricultural industry and contributes to the farmhouse's income increase. One of the basic characteristics of agro-food is low price elasticity of demand compared with other manufactured products. Therefore a little overproduction of agricultural products tends to cause price collapse and income decrease. However, agro-food exportation supports domestic price by promoting consumption of surplus products in the overseas market and eventually becomes effective in raising farm income.

Second, agro-food exports could motivate high quality production of agro-food to satisfy the international standard. It could also help domestic product compete effectively with imported products. Agro-food, which is expected to be exported should meet HACCP, ISO, GAP, and other kinds of safety and quality standard tests in production and distribution at the international level. Agro-food exportation catalyzes the advancement in domestic agro-food production and distribution system up to the advanced countries' level. In addition, building high quality production and distribution system with competitive safety guarantee will contribute in protecting the domestic industry from the influx of foreign agro-food.

Third, agro-food exports have been contributing to the national economy. Korea Rural Economic Institute (KREI) has calculated the contribution created from USD 10 billion of agro-food exportation to the national economy by using inter-industry analysis. According to results, such amount of agro-food exports generates USD 12.6 billion of production inducement effect, USD 4.5 billion of value added inducement effect, and creates 56,000 new job opportunities. Comparing with the impact of vehicle exports (NF sonata basis), the production and value added inducement effect of agro-food exportation are equivalent to the effect of 390,000 vehicles exportation and 470,000 vehicles exportation respectively.

Aside from this, agro-food exports contributes to the promotion of national prestige in the way Korean food culture spreads into the world. It can also be conducive to restore confidence in the agriculture industry, enhance food security, and retain the good quality of the environment.

Thus Korean government is resolutely turning away from traditional domestic agro-food market which gradually reaches its limit. It then tries to elaborate relevant policies to positively expand agro-food exportation as Korea recognizes that the global creation of a new market and demand for Korean agro-food is one of the good approaches to attain the sustainable growth of Korea's agriculture.

Korea's situation of agro-food exports is summarized as follows. First, agro-food export has been steadily increased from USD 3,500 million in 1995 to USD 8,000 million in 2012 with an rate of average 5.4% per year. However annual growth rate of agro-food exportation is relatively modest compared to that of total exportation which has 9.1% average annual growth rate.

**Table 1. The share of agro-food export in Korean national export**

Unit: million US\$, %

	1995	2000	2008	2010	2011	2012	AAGR (1995~2012)
Nationwide (A)	125,058	172,268	422,007	467,400	555,214	547,870	9.1%
Agro-food (B)	3,469	3,069	4,496	5,880	7,691	8,006	5.4%
(B/A)	2.8	1.8	1.1	1.3	1.4	1.5	-

Source: Ministry of Agriculture, Food and Rural Affairs, Ministry of Ocean and Fisheries, Korea Agro-Fisheries &amp; Food Trade Corporation

Second, the share of agro-food export in the total national export decreased from 2.8% in 1995 to 2.3% in 1998. It also decreased by 1% after 2000 even though the amount of agro-food export had been gradually increased. However the share of agro-food export which has railed on the back of government policy promoting agro-food exportation has appeared to slowly increase after 2008. The Ministry of Agriculture, Food and Rural Affairs aimed to achieve ‘USD 10 billion agro-food exportation in 2012’ from 2008 and conducted support policies such as agro-food export-base promotion project, exportation growth power expansion project, government funding to save the logistics costs, foreign marketing project and the Korean food (Hansik) globalization project. Those supportive policies and government concerns have been commended contributing in part to an increase in agro-food export a part of agro-food over the past five years.

Third, all kinds of agro-food exports are increasing but the processed food exportation has greatly increased compared to sea food and fresh agricultural products. Accordingly, the share of processed food exportation out of total agro-food exportation has increased from 32% in 1995 to 57% in 2012, whereas during the same period, the share of sea food and fresh agricultural products has decreased from 19.8% to 5.4% respectively.

**Table 2. Korea’s agro-food export by category**

Unit: million US\$

	1995	2005	2007	2008	2009	2010	2011	2012	(AAGR)	
									‘95~12	‘05~12
Total	3,419	3,415	3,759	4,496	4,809	5,880	7,691	8,006	5.1%	12.9%
Agro-food	1,737 (50.8%)	2,221 (65.0%)	2,532 (67.4%)	3,048 (67.8%)	3,298 (68.6%)	4,082 (69.4%)	5,383 (69.9%)	5,644 (70.5%)	7.2%	14.3%
Fresh	642 (18.8%)	608 (17.8%)	597 (15.9%)	675 (15.0%)	739 (15.4%)	874 (14.9%)	1,015 (13.1%)	1,079 (13.4%)	3.1%	8.5%
Processed food	1,095 (32.0%)	1,613 (47.2%)	1,935 (51.5%)	2,373 (52.8%)	2,559 (53.2%)	3,208 (54.6%)	4,368 (56.7%)	4,565 (57%)	8.8%	16%
Sea food	1,682 (49.2)	1,194 (35.0%)	1,227 (32.6%)	1,448 (32.2%)	1,511 (31.4%)	1,798 (30.6%)	2,307 (29.9%)	2,361 (29.4%)	2%	10.2%

Note: Figures in brackets are the shares of respective categories out of total agro-food export

Source: Ministry of Agriculture, Food and Rural Affairs, Ministry of Ocean and Fisheries, Korea Agro-Fisheries &amp; Food Trade Corporation

Fourth, looking at each item’s export value, intensive margin has been increased and extensive margin has been extended. The largest export item is mixed delicatessen with USD 71 million of export value in 2012. Until 2000, there was no item recorded showing over USD 10 million export value. However in 2005, tobacco, instant noodles, Soju (Korean alcohol), bakery and coffee were reported to have reached over USD 10 million in export value and mixed delicatessen, sugarcane, biscuit, ginseng, Kimchi, grain fermented alcohol and other forestry products were added on the list in 2012. This trend of extensive margin

amid the items which most recently showed export growth rate (compared to 2008) are the following: rape oil; almond; duck meat; other poultry meat and spaghetti *et al.* In addition export values of fruit sugar, peanut, ginkgo nut and sesame have increased more than 40 times. Main items are under the category of processed agro-food but ginseng, Kimchi, paprika, flower, and citron tea (Yujacha) show recent rapid increase in exports.

**Table 3. Korea's major agro-food export items**

Unit : Million US\$

		2008(A)	2009	2010	2011	2012(B)	Rate of change (B/A)
Total		3,797,443	3,787,837	4,722,278	5,702,643	5,783,303	52.3
Fresh agricultural product	Kimchi	85,295	89,386	98,360	104,577	106,604	25.0
	Paprika	54,166	53,280	58,302	65,866	88,807	64.0
	Pear	47,384	53,770	54,117	47,268	49,961	5.4
	Citron (Yuzu)	27,148	26,843	32,607	40,442	40,815	50.3
	Chicken meat	12,818	17,686	26,671	33,432	35,758	179.0
	lily	19,051	24,742	27,845	33,088	30,090	57.9
	Rose	11,811	20,132	34,235	25,676	27,142	129.8
	Strawberry	11,667	19,190	26,125	20,606	24,281	108.1
	Enoki mushroom	11,259	21,277	26,296	22,591	16,864	49.8
	Chili pepper	12,584	13,474	15,214	15,876	16,855	33.9
	Oyster mushroom	1,347	6,494	8,883	11,635	13,229	882.0
Processed agricultural product	Mixed delicatessen	608,137	504,850	766,358	929,985	713,737	17.4
	Cigarette	453,034	466,948	536,492	549,788	606,398	33.9
	Coffee mix	196,043	193,842	205,870	302,228	297,231	51.6
	Sugarcane	127,715	149,073	242,145	291,178	262,864	105.8
	Instant noodles (Ramen)	129,518	141,910	157,204	186,732	206,230	59.2
	Other beverages	39,456	49,344	65,426	112,891	151,626	284.3
	Other grain fermented alcohol	33,355	59,638	97,073	137,874	144,290	332.6
	Other forestry products	17,717	14,600	46,050	113,002	141,159	696.7
	Soju	124,108	112,931	123,056	114,345	126,813	2.2
	Biscuit	59,900	68,171	75,400	97,925	108,943	81.9
	pongee	57,725	38,075	48,688	68,072	87,258	51.2
	Sugar confectionery products	57,361	49,753	59,231	87,260	86,496	50.8
	Other bakery products	34,755	35,206	39,026	54,123	83,823	141.2
	leather	95,928	70,822	85,166	78,370	79,440	-17.2
	Single fruit processed products	34,124	38,010	58,034	60,690	68,967	102.1
	Beer	43,284	41,831	46,836	65,397	67,814	56.7
	Red ginseng	41,574	44,703	52,695	108,405	65,100	56.6
	Water	19,478	19,163	28,826	63,006	62,440	220.6
	Powdered milk	24,001	23,078	24,375	36,227	57,087	137.9
	Wool, coarse animal hair	53,709	39,180	44,631	62,751	49,244	-8.3
Furniture	43,962	43,815	42,259	48,431	48,612	10.6	
Gelatin	38,317	36,769	34,385	35,726	46,590	21.6	

Other sugars	25,556	22,250	38,293	39,572	46,331	81.3
Other sauces	21,543	18,896	26,566	39,322	44,908	108.5
Soy bean milk	18,740	9,765	23,307	47,529	44,311	136.5
Processed grain products	34,667	34,350	45,317	58,569	43,485	25.4
Bakery batter	36,283	34,281	36,619	42,520	42,377	16.8
Vegetable seeds	22,522	21,899	24,145	29,033	40,492	79.8
Fiber board	13,253	10,615	10,224	22,840	39,244	196.1
Other products for animal feeds	18,920	31,180	37,303	41,743	38,906	105.6

Note: export value for each item are aggregated data based on AG Code ( HS Code) for 2013 from Korea Agro-Fisheries & Food Trade Corporation  
Source: Korea custom and Trade Development Institution, 2013.

Fifth, overall export market has been gradually diversified. In 2000, countries in which Korea exported agro-food with earnings of over USD 100 million include Japan, Hong-Kong, China and U.S.A. In 2012, the number of countries that have imported agro-food from Korea with earnings of more than USD 100 million came from 14 countries including Russia, Arab Emirates, Taiwan, Vietnam, Thailand, Philippines, Iraq, Singapore, Australia and New Zealand. Destinations of Korean agro-food exports have now increased to 194 countries, 14 of which have become the destinations of more than USD 100 million Korean diversified exports with earnings from agro-food. Also, the dependence on the Japanese market in Korean agro-food exports has declined from 61% in 1995 to 29.8% in 2012. Meanwhile the share of Korean agro-food exports to China, U.S.A and Thailand has increased from 4.7% to 16%, from 5.5% to 8.3% and from 3.3% to 3.9% respectively during the same period. In addition U.S.A was traditionally the second largest Korean agro-food importing country, but since 2007, its exportation value to China has exceeded the U.S. China has now become an important agro-food export market for Korea. East Asian countries such as Malaysia, Indonesia and other countries like Netherlands and Canada are emerging as the new export market for Korean agro-food.

**Fig. 1. Countries in which Korea exports Agro-food more than USD 100 million**

2006	Japan	U.S.A	China	Russia	HK	UAE	Taiwan	7							
2007	Japan	China	U.S.A	Russia	HK	UAE	Taiwan	Thailand	8						
2008	Japan	China	U.S.A	Russia	HK	Thailand	Taiwan	UAE	Iraq	9					
2009	Japan	China	U.S.A	Russia	HK	UAE	Thailand	Taiwan	Vietnam	9					
2010	Japan	China	U.S.A	HK	Russia	UAE	Taiwan	Thailand	Vietnam	Iraq	Philippines	11			
2011	Japan	China	U.S.A	HK	Thailand	Vietnam	Taiwan	Russia	UAE	Indonesia	New Zealand	11			
2012	Japan	China	U.S.A	Vietnam	Thailand	HK	Russia	Taiwan	UAE	Indonesia	Philippines	Singapore	Australia	New Zealand	14
Ranking	1	2	3	4	5	6	7	8	9	10	11	12	13	14	

Source: Ministry of Agriculture, Food and Rural Affairs, Ministry of Ocean and Fisheries, Korea Agro-Fisheries & Food Trade Corporation

Sixth, the result of measuring countries' contribution rate to Korean agro-food exports (except for fishery products) growth during the period from 2008 to 2012 explains why Japan ranks first and China ranks second with the following corresponding level of contribution: 27.3% and 19.6% respectively as shown in Table 4. Also Vietnam's contribution level is 10.3%, while Hong Kong is 4.7% and Arab Emirates and USA showed a contribution level of 4.2%. In terms of export growth rate agro-food exports to Cambodia has increased 6.4 folds from USD 662 million in 2008 to 4,888 million in 2012. This is the highest growth rate among the top 20 exporting target countries. Vietnam and Singapore followed Cambodia with 2.6 folds and 1.3 folds respectively. In addition Iran, India and Malaysia showed double increase rate.

**Table 4. Contribution rate of major country to Korean agro-food exportation (2008-2012)**

Unit: 1000 US\$, %

	2008(A)	2012(B)	Amount of change(B-A)	Contribution Level	Rate of Change(B/A)
<b>Total</b>	<b>3,797,443</b>	<b>5,782,613</b>	<b>1,985,170</b>	<b>100.0</b>	<b>52.3</b>
Japan	873,636	1,415,441	541,806	27.3	62.0
china	591,684	980,606	388,923	19.6	65.7
ASEAN	381,173	849,673	468,500	23.6	122.9
U.S.A	389,741	473,065	83,324	4.2	21.4
EU	208,371	311,969	103,597	5.2	49.7
Vietnam	79,682	283,924	204,242	10.3	256.3
Hongkong	175,707	268,829	93,121	4.7	53.0
Russia	294,781	251,359	-43,422	-2.2	-14.7
Taiwan	166,458	227,993	61,535	3.1	37.0
UAE	128,995	221,741	92,746	4.7	71.9
Indonesia	85,874	142,726	56,852	2.9	66.2
Philippine	53,020	106,507	53,487	2.7	100.9
Singapore	42,051	97,468	55,417	2.8	131.8
Australia	73,776	94,005	20,229	1.0	27.4
Netherlands	71,768	93,694	21,926	1.1	30.6
Malaysia	32,842	72,484	39,642	2.0	120.7
Thailand	77,314	70,534	-6,780	-0.3	-8.8
Iran	20,091	62,395	42,304	2.1	210.6
Canada	37,579	58,149	20,570	1.0	54.7
Cambodia	6,624	48,882	42,258	2.1	637.9
Germany	27,792	45,392	17,600	0.9	63.3
India	19,562	43,324	23,762	1.2	121.5
Others	548,466	724,095	175,629	8.8	32.0

Note1) Amount of export for each country is calculated based on HS-AG code of 2013 sourced from

Note2) Suggested countries are top 20 exporting target countries of Korean agro-food in 2012 (except EU, ASEAN)

Source: Korea custom and Trade Development Institution, 2013

## **POLICY FOR AGRO-FOOD EXPORT PROMOTION IN KOREA**

### **Overview**

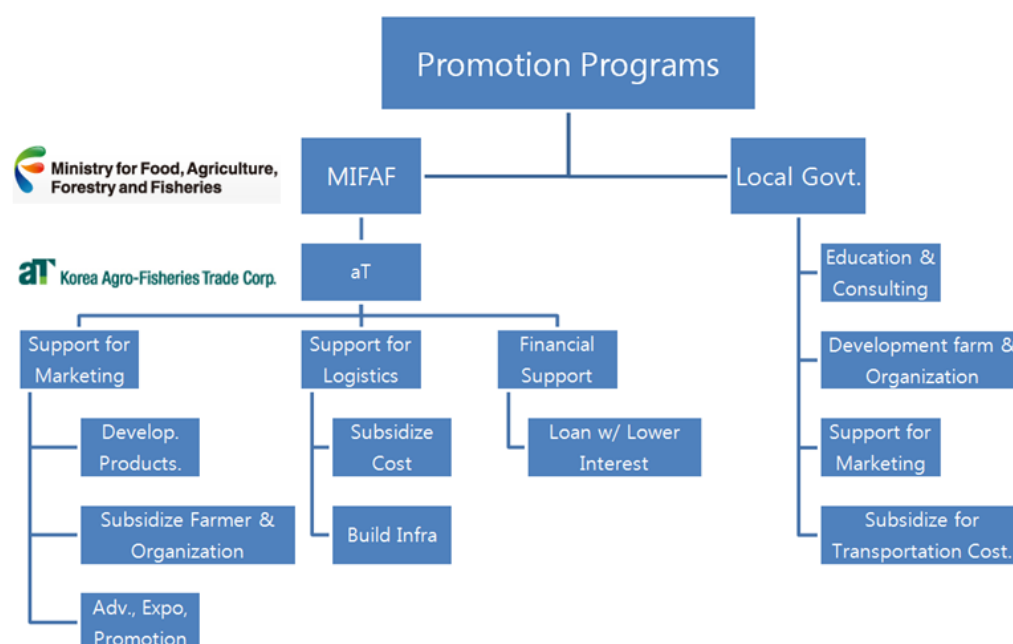
Korea's agro-food export promotion policies are developed by the Ministry of Agriculture, Food and Rural Affairs and are executed directly or indirectly through operating units such as Korean Agro-Fishery & Food Trade Corporation (aT), local government and government subsidiaries to support companies and farms.

Korea's agro-food export promotion policies have three big areas of developing foreign market, agro-food sales promotion and trade finance support. Overseas market penetration programs are mainly being implemented through the Korean Agro-Fishery & Food Trade Corporation (aT). aT was established in 1986 as a semi-governmental agency in order that price stabilization and export expansion could be accomplished by efficient distribution of agricultural products. Having centered on aT, activities to urge agro-food exports have already been done. This includes, participation in foreign food expositions, dispatches of market exploration teams and packaging designs for development projects. Especially, aT is operating Overseas Agro-Trade Center in major export target countries such as Japan and U.S.A and doing collection of overseas information, sales promotion and publicity.

In addition, aT supports the exporting companies participation in food expositions of major export target countries and designs of pamphlets (leaflets) to introduce Korean agricultural products. Recently, the government has encouraged the use of national brand 'Whimori', which is a single national brand of Korean agricultural product, mainly for Korean vegetables and flowers to show that Korean government endorsed the safety and high quality of exported products. Since 2008, the Korean government has set the globalization strategy for Korean cuisine to spread its culinary culture worldwide through database construction on overseas Korean restaurants and other various promotions, in order to expand the trade of Korean agricultural products. Also there are many supportive programs to provide stimulus to exportation at the local government level such as training & consultation, creation of export-complex & management, development of overseas market & marketing, quality guarantee and logistic cost subsidy. Local government practices diverse programs from providing training courses to logistic cost subsidy within its own available local authority budget. After adopting direct popular local election, local governors many of whose constituents are agriculturists make great efforts to increase the farm household income by boosting exportation.

Additionally, Korean government is constructing export-complexes, which in particular, focused on export-oriented production of vegetables, flowers, fruits and other processed forms, for the continued supply of high quality agro-food products for export. The government plans to expand the number of agricultural export-complexes from 148 in 2006 to 180 in 2010 and up to 200 until 2013. Korea has set the goal to increase agro-food exports from USD 5.9 billion in 2010, to 10 billion in 2012 and to 20 billion until 2021 by way of various policies which enables to promote agro-food exports.

Fig. 2. Agro-food Exportation Support System in Korea



Source: Ministry of Agriculture, Food and Rural Affairs

Looking at the government budget to develop agro-food exports, its allocation has been continuously increased especially since 2008 in which the government has set agro-food export expansion as one of its major policy issues and has declared actual support. The budget was around USD 107 million in 1995 but it has increased to around USD 400 million 2008.

The export policy funding program provides direct loans with low interest to export companies. This is the biggest part of Korea's total export support program. However, the government has now been trying to slowly reduce the proportion of loan lending. On the other hand, the government gives more importance to overseas market development projects and agro-food sales promotion program because the goal of export expansion is regarded as an accomplishment of product competitiveness enhancement rather than by direct financial support.

**Table 5. Budget allocation by exporting promotion program in Korea**

Unit: US\$ 100 million

	1995	2000	2008	2011	2012
Overseas market development	1.6	8.4	19.1	29.8	31.4
Agro-food sales promotion	1.5	19.1	29.7	39.5	40.9
Export policy funding	103.5	230.0	439.9	388.7	365.2
Total	106.6	257.5	488.7	458.0	437.5

Source: Ministry of Agriculture, Food and Rural Affairs

## Major Export Support Program in Korea

As mentioned earlier, the export support policy in Korea can be divided into three parts: 1) Overseas market development. 2) Agro-food sales promotion; and 3) Export loans. The first two are assistance programs and the last one is loan.

First, programs to assist in the development of overseas market are ultimately aimed at increasing farm household income and agro-food industry development by improving international competitiveness of company through constructing information, logistical network base and commercialization, brand fostering and intention to convert accelerated trade liberalization such as FTAs into an opportunity for export expansion. The budget for this program increased from USD 8 million in 2000 to USD 31 million in 2012 and is still currently increasing.

Second, agro-food sales promotion programs support logistic costs and establish the sufficient infrastructure to constantly expand agro-food export so as to increase the farm household income. The budget for this program was USD 19 million in 2000 and rose to USD 41 million in 2012 and is also currently increasing.

**Table 6. Itemized budgets of export support programs**

Unit: USD 1,000

	2000	2005	2010	2011	2012
1. Overseas market development	8,440	12,680	27,590	29,812	31,420
□ Agro-food export base construction program	1,052	1,929	4,138	4,159	1,790
·Cultivation export pioneer group	-	-	1,833	1,455	-
·Cultivation export expert group	-	-	-	-	-
·Export consultation	251	497	-	-	-
·Product safety management (Good Agricultural Practices, GAPs)	-	120	154	139	-
·Overseas market database construction	801	1,312	1,305	1,536	1,560
·Instillation export motivation	-	-	261	199	230
·Incentive to distinguished local government	-	-	585	830	-
□ Export growth power expanding program	513	596	4,688	3,383	7,292
·Food ingredient export vitalization project	-	-	838	-	-
·promising product development project	117	596	1,083	1,585	1,700
·packaging design development	396	-	-	-	-
·Co-brand management	-	-	844	200	252
·Providing co-marketing	-	-	1,426	1,598	3,340
·New market development support	-	-	398	-	-
·Vitalizing export of Indigenous products with Geographical indication	-	-	99	-	-
·Constructing overseas distribution basement	-	-	-	-	2,000
□ Overseas marketing support program	6,875	10,155	18,764	22,270	22,338
·Participation support to international exposition	3,010	3,694	7,660	6,987	6,550
·Sales promotion with distribution enterprise	51	1,449	3,448	5,125	5,540



·Sales promotion with local government	-	-	506	382	1,000
·Opening and running overseas permanent shop	582	16	-	-	-
·Interceding transaction with buyer	295	131	674	1,099	1,310
·Overseas advertising	2,937	4,865	6,476	7,896	6,828
·New marketing in response to the export condition change	-	-	-	781	1,110
2. Sales promotion for agricultural products	19,081	28,882	41,535	39,458	40,972
·Financial support for logistic cost	19,081	26,266	39,373	35,455	31,078
·Export infrastructure enhancement	-	2,616	2,162	4,003	9,894
3. Export subsidy	103,500	230,000	390,000	388,700	365,200
Total	158,021	271,562	459,125	457,970	437,500

Source: Korea Agro-Fisheries & Food Trade Corporation( 2013)

Third, offers for export loans are aimed at cultivating specialized export system equipped with expanded production scale through the support of food enterprise and a middle-small business in demand of export capital. The export loan offer is divided into two parts: ‘export item production complex support’ by National Agricultural Cooperative Federation and ‘agro-food export company support’ by aT. The scale of export capital support program was USD 365 million in 2012. ‘Export item production complex support’ program was USD 41 million, which is equivalent to 11.3% of total exports. The ‘agro-food export company support’ program was 88.7% equivalent to USD 324 million. Agro-food export company support programs provide policy fund to assist finance operational difficulties by mainly offering loans. The loan is lent to qualified enterprises to support business operation at low-interest (3%~4%) for 1 year term but, somehow it has become like a long-term loan because the supported enterprises are usually the same every year<sup>2)</sup>. The response to this program is highly positive because this can partly ease the financial difficulties of companies.

On behalf of the central government, aT execute export support programs and aT reclassified overseas market development and agricultural product sales promotion as organization of production, safe guard, market development, distribution support and export of finance insurance.

The organization of production category contains horticultural production complex support, promising product development, cultivation trade expert, cultivation export pioneer group, vitalizing export council and so on. The safe guard category contains support GAP certification, residual chemical inspection fee support, Japanese vegetable ID management, safety management of Taiwan apple, Russian export company management and so on. The market development category includes overseas promotion and marketing support, sales

2) Detailed information:

- Loan period : 1 year

- Annual loan interest: Agriculturist (including productr association) 3%/ Non-agriculturist (regular enterprise etc.) 4%

\* According to the result of comprehensive evaluation, interest rate is discounted 1.0% to the best enterprise and 0.5% to the second enterprise.

- Amount of loan: Less than 90% of total cost (self investment should be above 10%)

- Use: Purchase ingredient and subsidiary materials, operational use such as storage and manufactur

promotion with distribution enterprise abroad, international exposition participation support, interceding transaction, co-brand (such as ‘whimori’) management and so on. The subsections of distribution support are direct logistic cost fund, overseas distribution center support, consultation for agricultural product distribution efficiency and so on. Lastly, the export finance insurance section includes exchange risk insurance of Korea Trade Insurance Corporation and agricultural export insurance, good agro-food purchase support etc.

**Table 7. The purpose of agro-food export support by aT’s business**

Major category	Subsections	Objective
Organization of production	▪ Horticultural production complex support	◦ To construct stable export system through inspection of operation condition of horticultural production complex designated by the government (with incentive).
	▪ Promising product development	◦ To develop high value added products through operation of integrated commercializing program on agricultural products and development of the overseas market.
	▪ Cultivation of trade expert	◦ To have early settlement of advanced agricultural technologies by field training and consultations.
	▪ Cultivation of export pioneer group	◦ To reinforce export competitiveness through cultivating export pioneer group managing entire process from production to exports.
	▪ Vitalization of export council	◦ To control product quality, establish export order and propel joint marketing through organizing corporation association between exporters.
Safe guard	▪ Support for GAP certification	◦ To cultivate export-oriented agricultural area and expand safe agro-food by disseminating product safety management system (Good Agricultural Practices, GAPs) of international standard in farms.
	▪ Supporting residual chemical inspection	◦ To ensure export agro-food safety by supporting residual chemical inspection fee in response to the PLS operation in Japan and safety management system operation in Taiwan.
Market development	▪ Sales promotion with distribution enterprise abroad	◦ To enlarge the Korean agro-food stocks and improve brand awareness through holding of sales promotion such as tasting, advertising and promotions.
	▪ Support for international exposition participation	◦ To improve national agro-food competitiveness and get competitiveness assessment through participation in international expositions as a form of country booth.
	▪ Interceding transaction	◦ To intercede transactions through opening large scale of ‘export consultation’ with invitation of outstanding buyers which aT recommended.
	▪ International Trademark Registration support	◦ To promote OEM exportation by vitalizing international trademark registration of national agro-food and to arrange sustainable export base by developing high quality and value added export product.
	▪ International certification registration support	◦ To develop new markets and expand exports through alleviating a non-tariff barrier and promoting exports of high quality and value added products.
	▪ Brand management (such as ‘whimori’)	◦ To pursue high grade quality and standardization by fostering

		co-brand whimori.
Distribution support	▪ Support for logistic cost	◦To aim at export expansion by logistic cost subsidy
	▪Use of preservatives	◦To improve marketability and expand exports through providing preservative and maintenance equipments to prevent fresh agricultural products from decay and wilting.
	▪ Activating joint distribution	◦To cut down ocean freight charge due to scale up by selecting specialized distribution enterprise to administrate joint distribution.
Export finance insurance	▪ Exchange risk insurance and agricultural export insurance	◦To contribute to stable management of export enterprise by supporting the insurance application fee.
	▪ Support for high quality agro-food purchase	◦ Offering low interest loan to the enterprise which have agro-food export plan or record to support stable management of the enterprise.

Source: Korea Agro-Fisheries & Food Trade Corporation, 2013

In addition, the Korean government has developed brand name ‘whimori’ only for agricultural products to improve its competitiveness in the international market. Furthermore, the government has applied the GAP system on exported agricultural products to arouse consumer’s preferences. It also tries to achieve equal recognition of GAP with Euro-GAP generally used in Europe<sup>3)</sup>.

Fig. 3. National Brand for Korean Agricultural Export and GAP Certification



Source: Ministry of Agriculture, Food and Rural Affairs

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3) In case of Europe, GAP system has been long since its settlement. So most of distributors deal with GAP product and sell to consumers. Thus, if the equality recognition is achieved exported GAP product can get high preference from local buyers in Europe.

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Korea International Trade Association <http://www.kita.net>  
Korea Customs and Trade Development Institute <http://www.kctdi.or.kr>  
Ministry of Agriculture, Food and Rural Affairs <http://www.mafra.go.kr>  
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