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## **Organic Agriculture and Import Regulations in Korea**

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### **Brief description on organic agriculture in Korea**

- It's not a huge farm - only 4000 pyong or a little over 3 acres
- Organic farmer grows 2~ 30 kinds of vegetables in 2006
  - > 7,167 certified farms, 8,558 ha, 95,404 M/T in Korea
  - > 49,373 ha, 6,843 M/T for importer

- In the early 1990s, the government decided to adopt a sustainable agriculture development policy.
- Direct Payment Program was adopted in 1999.
- No organic agricultural products and foods are exported to foreign countries. No foreign Certification Body is working in Korea.
- A lot of processed foods (baby food, juice, wine, ice cream, pasta, olive oil, cereals, cheese, chocolate, cloth, cosmetics) are imported from Germany, UK, France, USA, Australia and New Zealand.

- Fresh organic products are mainly imported from China, USA, Australia and New Zealand.
- Imports of non-processed organic farm products spiked to 6,843 t in 2006 according to the MAF (904 t in 2003).
- Most of these organic grains are imported from China and are being used to produce processed foods, such as tofu.
- However, fresh organic fruits and vegetables are not commonly imported due to the restrictive government regulations, transportation and perishability problems.

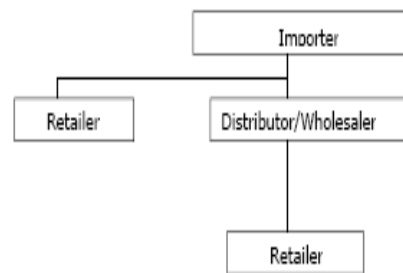
## Certified organic product in Korea

Year	P / I / T	Total		Organic		Transition	
		Area(ha)	Certified volume (M/T)	Area(ha)	Certified volume (M/T)	Area(ha)	Certified volume (M/T)
1999	Producer	230	6,998	230	6,998	-	-
2000	Producer	296	6,538	296	6,538	-	-
2001	Producer	450	10,670	448	10,625	2	45
2002	Producer	1,601	21,114	1,062	16,249	539	4,865
2003	Total	5,654	34,191	4,221	25,342	1,433	8,849
	Producer	3,327	33,287	1,894	24,438	1,433	8,849
	Importer	2,327	904	2,327	904		
2004	Total	15,364	42,059	13,258	28,759	2,106	13,300
	Producer	4,622	36,746	2,516	23,446	2,106	13,300
	Importer	10,742	5,313	10,742	5,313		
2005	Total	38,282	76,591	34,930	46,558	3,352	30,033
	Producer	6,085	68,091	2,743	38,058	3,352	30,033
	Importer	32,187	8,500	32,187	8,500		
2006	Total	57,932	102,247	53,748	62,816	4,184	39,430
	Producer	8,556	95,404	4374	55973	4,184	39430
	Importer	49,373	6,843	49,373	6,843		

- In 2005, one of the largest organic foods retailer/importer/distributor in Korea, imported 200 new to market products; 50 % from U.S., 40% from EU and 10% from Japan.
- The company's retail stores displayed 2,500 items, 1/3 of which are imported products, which increased 30% in sales value last year.
- According to industry sources, due to the limited product varieties and volume, it is estimated that 1/3 of the organic food volume goes through distributors to retailers

- The typical distribution channel for processed organic products is shown below.

Distribution Channel for Processed Organic Products



- The Korean organic foods market, including fresh produce, field crops, and imported processed food, has shown strong growth over the last 5 years, and is forecast to continue to grow in the future.
- Because some consumers perceive that organic food is safer, healthier, or better for the environment than non-organic food, organic products can increasingly be found in mainstream retail outlets.

## Major accredited CB's in Korea

There are several government accredited organic CB in Korea as follows:

1. Dankook University (Sang Mok Sohn), Tel: +82-16-428-2939, <http://www.rioa.or.kr> E-mail: [smsohn@dankook.ac.kr](mailto:smsohn@dankook.ac.kr)
2. Heuksalrim (Tae Kun, Lee), Tel: +82-2-6300-8179
3. Dolnara (Kee Song, Lee), Tel: +82-33-747-4234
4. Yangpyong (In Su, Lee), Tel: +82-31-774-8095
5. Korea Organic Farmers Association (Jin Young, Jung), Tel: +82-2-406-4462 Email: [KOFA@chollian.net](mailto:KOFA@chollian.net) [www.organic.or.kr](http://www.organic.or.kr)

**Table 1. Advantages vs. Challenges**

<b>Advantages</b>	<b>Challenges</b>
Local production of processed organic products is negligible.	Korean importers and retailers have very little knowledge about imported processed organic products.
Consumers are increasingly aware of organic products and the demand is growing.	U.S. exporters of organic products know little about the Korean market and do not view it as an opportunity.
Tariffs for processed organic products are relatively low.	U.S. fresh organic produce and grain farms needs to be approved by a Korean organic certifying agent exporting.
Consumers trust the USDA label.	Consumers are more comfortable with Korean labels.
Korea imports 60-70 percent of total food needs.	Organic products are priced 10-30 percent higher than conventional counterparts.
Korean prefers the taste of U.S. organic food to competitors'.	Korean importers need more information about U.S. organic product consolidators.

- The recent Korean market for organic products is still very small, but local industry sources project a growth rate of 30~40 % per year.
- Domestically produced organic products consist mainly of fresh vegetables, some fruits and rice. While imported organic ingredients are used to manufacture some processed organic products such as tofu and baby food, most processed organic products are imported.

- The Korean government has developed an organic certification and labeling program that has had an ancillary positive effect of increasing consumer awareness about the heavy use of agricultural chemicals in Korea.
- At present, one U.S. organic farm has been approved by a Korean CB to export organic vegetable seeds (broccoli, alfalfa and radish) to Korea. Organic ingredients and processed organic products need only a copy of an organic certificate issued by CB to export to Korea.

## Regulations and Policy

- The regulations for fresh organic produce and grains are implemented by the Ministry of Agriculture and Forestry (MAF) and the regulations for processed organic products are implemented by the Korean Food and Drug Administration (KFDA).
- Research Committee of Organic Food in KFDA

### Certification Requirements for Imported Processed Organic Products

- Transaction Certificates, since July 2004, are no longer required for imported organic food products.
- KFDA requires organic certificates issued to the producer, processor or manufacturer of organic products.
- KFDA is currently not accepting organic certificates issued to handlers.

The following two documents are required to be presented to a KFDA regional office.

1. A copy of an acceptable organic certificate issued by CB. The certificate must include following information.
  - Name, address, and phone number of the certifying agent;
  - Types of organic food the operation is certified by CB to supply, along with the company name, address, and effective date (or renewal date) of certification.
2. An original ingredient statement (a list of all ingredient names) issued by the manufacturer (only required for organic food products made of mixed ingredients) that includes the office/department/division name, name and signature of the issuer.

### Labeling Requirements for Processed Organic Foods

- Labeling requirements for processed organic agricultural products are determined by KFDA. The following labels may be used depending on the percentage of organic ingredients contained in the product.
  - > "100 percent organic agricultural product."
  - > If 95 percent or more of the raw materials are organic agricultural products, the term "Organic" can be used as part of the product name on the primary display panel.
  - > If the raw materials contain between 70 percent and 95 percent organic agricultural products, the term "Organic" can be used on any of the sides other than the primary display panel of the package.
  - > If a product, with less than 70 percent organic agricultural products, contains organic agricultural products as a certain ingredient, the label "Organic" can be used for the relevant items in the section for labeling raw ingredients.

## Labeling Requirements for Fresh Agricultural Produce and Grains

- The labeling requirements for fresh agricultural produce and grains are set by the National Agricultural Products Quality Management Service (NAQS). NAQS was designated as the official certification body for sustainable agricultural products by MAF.



## Environmentally-Friendly Agriculture Promotion Act (EAPA)

- Under EAPA, there are 4 categories depending on the amount of chemicals and fertilizer used and the number of years the product has been cultivated without chemicals or fertilizers:
  - > Fresh agricultural produce cultivated with no agricultural chemicals and no chemical fertilizer for 3 years are labeled as “Organic Products.”
  - > Fresh agricultural produce cultivated with no agricultural chemicals, but with chemical fertilizer used within the amount allowed by law, are labeled as “No Agricultural Chemicals.”
  - > Fresh agricultural produce cultivated with half the amount or less of agricultural chemicals allowable by law are labeled as “Low Agricultural Chemicals.”

- The above labeling laws have greatly increased consumer awareness about the amount of chemicals used in local agricultural production. In addition, the Korean government encourages farmers to grow organic products for environmental reasons and participating farmers receive a premium for their products. The government also provides certain subsidies to advertise organic agricultural products and for packing organic products.

- Additionally, the term “Natural” can be used for products that do not contain artificial flavoring agents, synthetic colors, synthetic preservatives or other artificial or post-harvest-added synthetic components and has not gone through additional processes other than a process of eliminating non-dietary elements. The term “100 %” can only be used when no materials other than the raw materials in question are added.
- Korea maintains a list of usable food additives and some are only allowed in certain food products. Exporters should send a sample of the product and a list of the ingredients to the Food Standard Division of KFDA to verify compliance with Korean requirements.

## Expected changes in the coming months

- It will be decided by parliament either MAF or KFDA take a job as accreditation body for organic processed food.
- There are submitted 2 pending proposals of Organic Food Act in Parliament