



**Country Report on
Market Access for**

Rep. of Korea

**and the Mercosur's position
in trade**



GRUPO DE PAÍSES PRODUCTORES DEL SUR
GROUP OF PRODUCING COUNTRIES FROM THE SOUTHERN CONE

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Country report on Rep. of Korea

Summary



- The country's GDP per capita is 2.55 times the global average, with agriculture being the activity with the lowest added value. A moderate or even negligible increase in demand is expected by 2050 compared to projections for 2023. The most significant change comes from human consumption and other uses. Cereals, meats, and vegetables are the most important food items.
- On average, the country has a trade surplus with the world but a deficit with MERCOSUR, primarily due to the agricultural sector. MERCOSUR is the main source of Rep. of Korea's agricultural imports, with Argentina and Brazil as the largest suppliers, representing over 89% of imports, with Brazil having a share exceeding 50%.
- The main imported products are corn, food preparations, wheat, and rye, accounting for more than 30% of Rep. of Korea's imports from MERCOSUR. Although the number of tariff measures has increased in recent years, liberalization has been more frequent. However, tariffs in the agricultural sector remain significantly higher than in non-agricultural products.
- Rep. of Korea and MERCOSUR are negotiating a free trade agreement, having completed seven rounds of negotiations. This is among Paraguay's priorities. Analyzing the export potential of MERCOSUR countries shows that the most important products for South Korea come from Argentina and Brazil, compared to Paraguay and Uruguay.
- The products at risk of decreased exports include meat, frozen fish, and other oils, affecting Argentina, Brazil, and Uruguay. For Uruguay, in particular, there is also a threat of decreased vanilla exports.
- A free trade agreement between MERCOSUR and Rep. of Korea could benefit some trade flows currently affected by very high tariffs compared to other competitors.

Population



51.6 Millions

0.6% Share of World Population

-0.23 % Growth Rate Annual Population

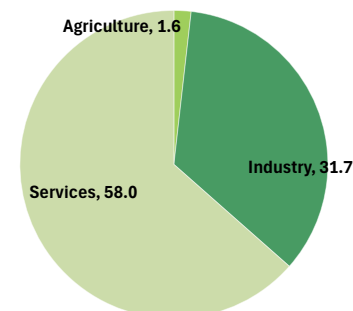
0.79 % Growth Rate Annual World Population



Economy

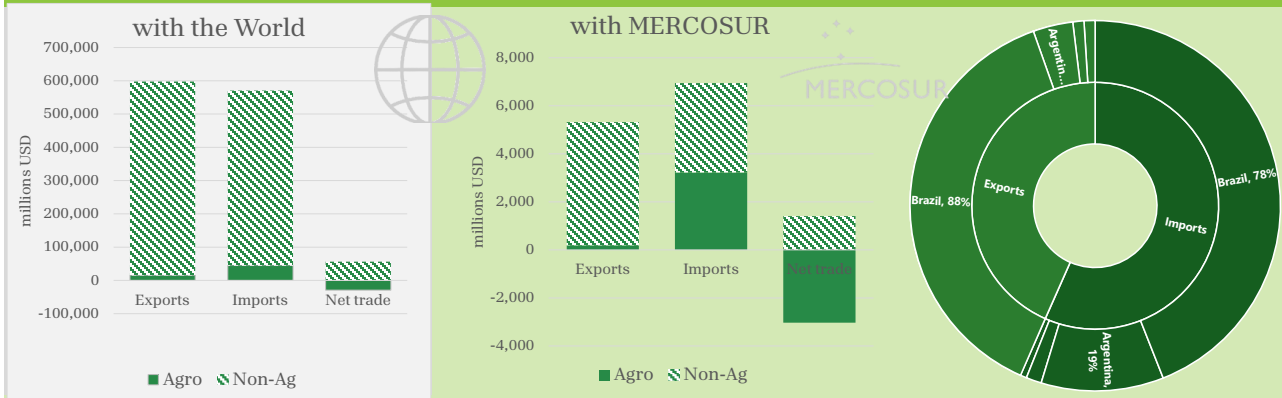
	Rep. of Korea	% of World
GDP (billions of USD 2022*)	1,673.9	1.66
	Rep. of Korea	World Avg.
GDP per capita (USD 2022*)	32,422.6	12,687.7
GDP growth (annual %)	2.6	3.1
Trade (% of GDP)**	96.5	62.6

Value Added by Sectors (% of 2022 GDP)



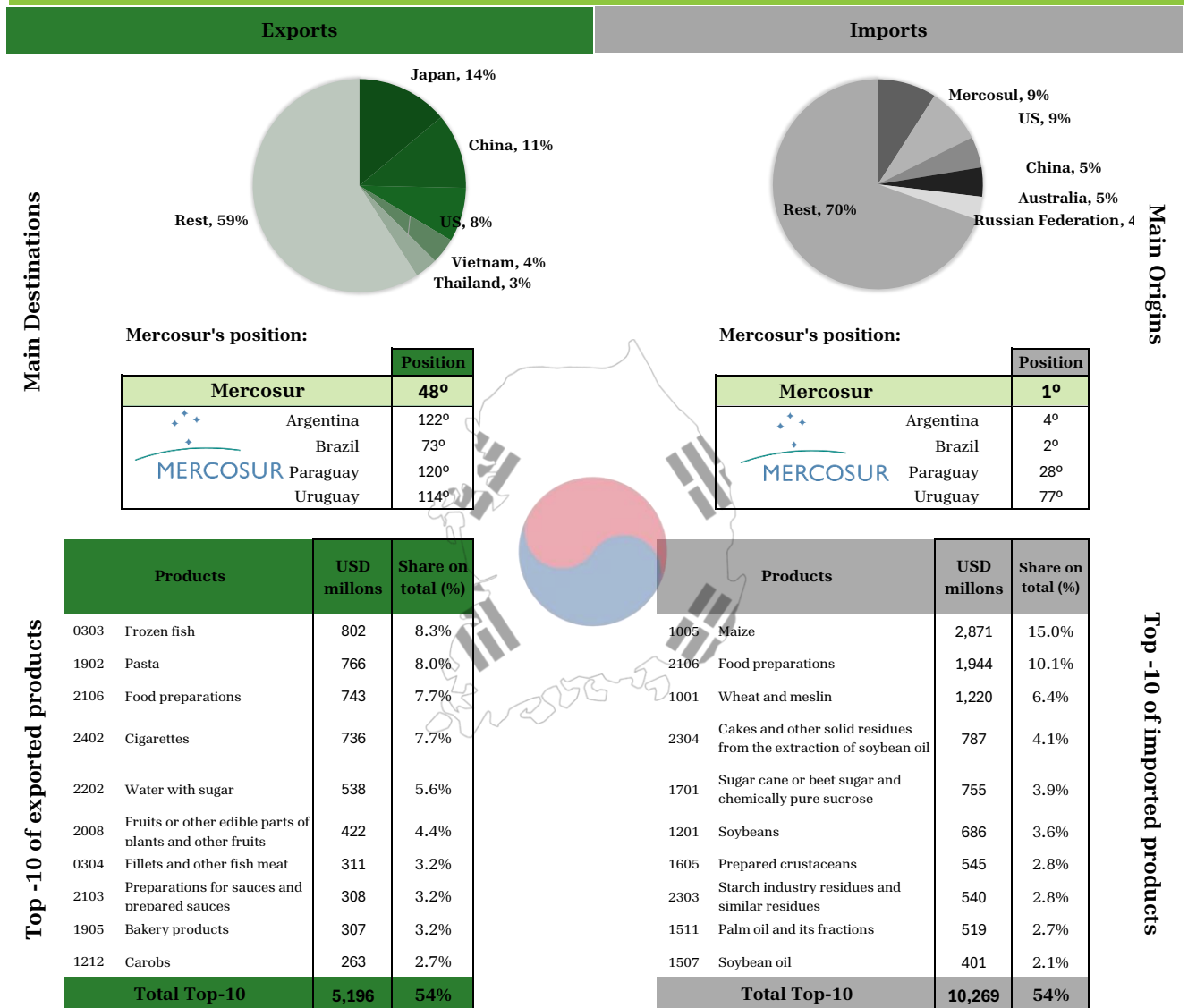
Notes: * in current USD for the year 2022 - latest available; ** Both exports and imports are measured as a proportion of GDP. Source: World Bank - WDI 2024

Average Trade 2018-2022 of Rep. of Korea



The Republic of Korea (KOR) has a positive trade balance in non-agricultural products, while it is deficit in agricultural products. This situation is the same in trade with MERCOSUR, but the overall trade balance is negative by about 1.624 billion dollars. This deficit is due to agricultural trade. Brazil is the main source of KOR's imports, representing over 75% of total imports from MERCOSUR. On the other hand, Brazil is the primary destination for KOR's exports (both Agro and Non-Agro), accounting for 88% of the total exported to MERCOSUR.

Agricultural average trade 2018-2022 of Rep. of Korea



Source: Compiled by GPPS based on Comtrade data (Avg 2018-22).

The significance of Rep. of Korea's trade with MERCOSUR lies primarily in imports, as the participation of MERCOSUR countries in Rep. of Korea's exports is low. MERCOSUR is the main supplier of Rep. of Korea's imports, mainly sourcing from Argentina and Brazil.

Except for palm oil, MERCOSUR is involved in all other major products imported by Rep. of Korea.

Tariff measures

WTO Tariff Profile

Tariffs and imports in total

Total		Total	Ag	Non-Ag	WTO member since		1995
Simple average final bound		17.0	61.4	9.8	Binding coverage:		Total 94.9
MFN applied							Non-ag 94.1
Simple average	2022	13.4	57.0	6.5	Ag: Tariff quotas (in %)		13.8
Trade weighted average	2022	8.3	89.3	3.4	Ag: Special safeguards (in %)		6.5
Imports in billion US\$	2021	614.2	34.9	579.3			

Tariffs and imports in duty ranges

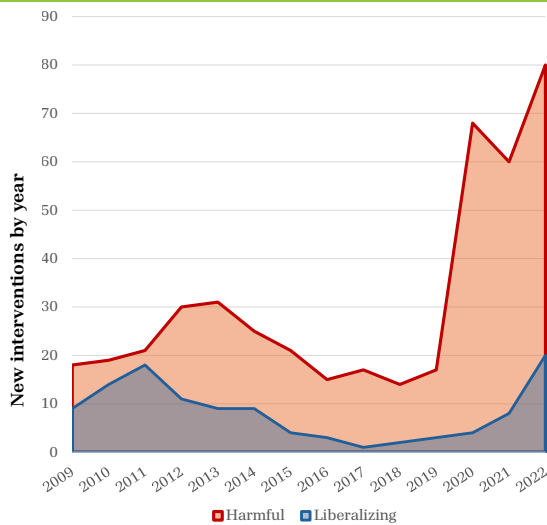
Frequency distribution		Duty-free	0 <= 5	5 <= 10	10 <= 15	15 <= 25	25 <= 50	50 <= 100	> 100	NAV
		Tariff lines and import values (in %)								
Agricultural products										
Final bound		2.2	5.7	7.8	7.8	23.4	33.3	10.6	9.3	4.3
NMF applied	2022	5.4	17.8	22.4	1.2	12.7	28.3	2.0	10.0	3.6
Imports	2021	4.3	20.6	19.8	1.9	10.8	25.3	1.1	15.9	3.5

Tariffs and imports by product groups

Product groups	Final bound duties				MFN applied duties			Imports	
	AVG	Duty-free in %	Max	Binding in %	AVG	Duty-free in %	Max	Share in %	Duty-free in %
Animal products	26.4	0.4	89.0	100.0	21.4	3.1	89.0	1.0	0.0
Dairy products	69.8	0.0	176.0	100.0	66.7	0.0	176.0	0.2	0.0
Fruit, vegetables, plants	65.0	0.0	887.0	100.0	61.3	0.2	887.0	0.7	0.0
Coffee, tea	76.4	0.0	514.0	100.0	56.4	0.0	514.0	0.3	0.0
Cereals & preparations	185.3	0.0	800.0	100.0	187.1	0.2	800.0	1.5	5.7
Oilseeds, fats & oils	46.2	2.7	630.0	100.0	38.7	3.4	630.0	0.9	2.2
Sugars and confectionery	32.2	0.0	243.0	100.0	15.7	0.0	243.0	0.2	0.0
Beverages & tobacco	43.0	0.0	270.0	100.0	30.9	0.0	270.0	0.3	0.0
Cotton	2.0	0.0	2.0	100.0	0.0	100.0	0.0	0.0	100.0
Other agricultural products	22.3	9.7	754.0	100.0	20.4	21.5	754.0	0.5	18.3
Fish & fish products	14.7	0.0	32.0	50.0	16.7	0.4	32.0	1.0	0.9

Source: WTO Tariff profile of Rep. of Korea. URL: https://www.wto.org/spanish/res_s/publications/res_s/world_tariff_profiles23_s.htm

Non-tariff measures



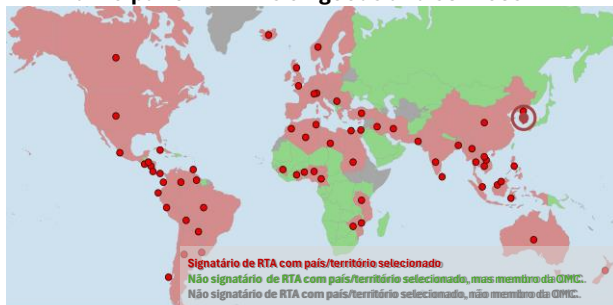
Products most affected by discriminatory measures				
0301-Live fish, 10	2106-Food preparations, 7	0303-Frozen fish, 7	2306-Cakes and other solid residues from the extraction of...	0307-Mollusks, 6
2207-Undenatured ethyl alcohol with a volumetric alcohol content greater tha...	1003-Barley, 7	1006-Rice, 7	0904-Pepper of the genus Piper, 6	0714-Cassava roots, 6

Products most affected by liberalization measures				
0303-Frozen fish, 20	1005-Maize, 11	0712-Dried vegetables, 11	2308-Vegetable materials and vegetabl...	1701-Sugar cane or beet sugar and...
0301-Live fish, 18	1108-Starch and starch, 11	0408-Eggs of birds without shell, 10	0203-Pork, 9	0714-Cassava roots, 9
				2103-Preparati... for sauces and prepared...
				0703-Onions, 8

Notes: Both graphs show the number of interventions. Source: Global Trade Alert. URL: <http://www.globaltradealert.org/>

Trade agreements

Participation in RTAs on goods and services



Agreements in force

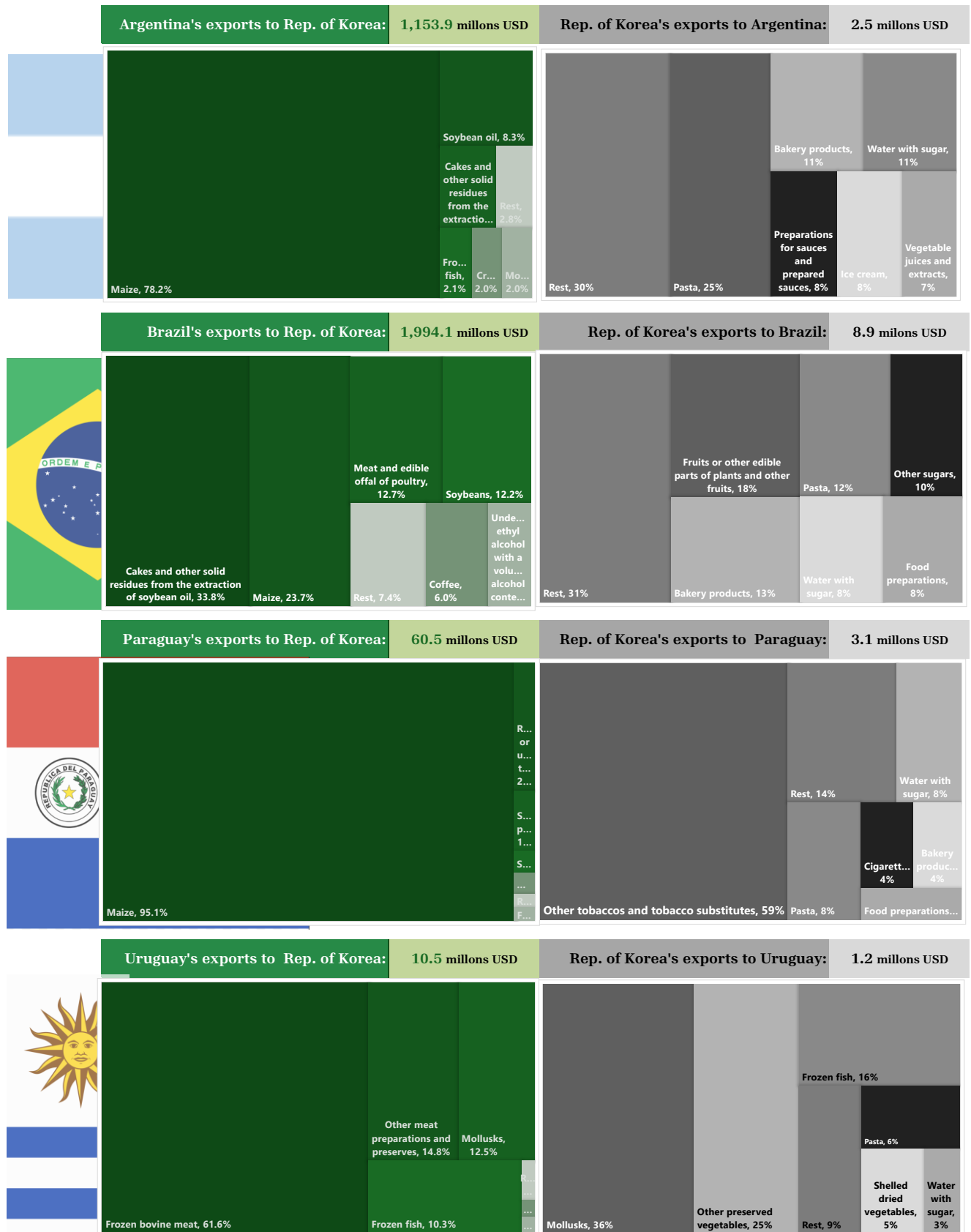
1. ASEAN-Rep. of Korea
2. Pacific Trade Agreement (APTA)
3. Canada - Rep. of Korea
4. China -Rep. of Korea
5. EFTA - Rep. of Korea
6. UE- Rep. of Korea
7. Global System of Trade Preferences between Developing Countries (SGPC)
8. Rep. of Korea- Austrlia
9. Rep. of Korea-Cambodia
10. Re. of Korea - Central America
11. Rep. of Korea - Chile
12. Indonésia - Rep. of Korea
13. Rep. of Korea- Colombia
14. Rep. of Korea-India
15. Rep. of Korea-Israel
16. Rep. of Korea- New Zealand
17. Rep. of Korea- Singapore
18. Rep. of Korea- Türkiye
19. Rep. of Korea- US
20. Rep. of Korea- Vietnam
21. Peru - Rep. of Korea
22. Protocol on Trade Negotiations (PTN)
23. UK - Rep. of Korea

Fonte: Extraído de WTO - <https://www.wto.org/>

Rep. of Korea's bilateral agricultural trade with MERCOSUR countries

This section presents the agricultural trade of the Japan with each of the MERCOSUR countries. It provides insights into the main agricultural products traded between the Japan and individual MERCOSUR countries, along with the average bilateral trade amounts (in current USD) from 2018 to 2022.

It highlights the heterogeneity of exports and imports among MERCOSUR countries; aggregating them hide the relative importance of trade with Paraguay and Uruguay, placing greater emphasis on Brazil and Argentina due to their significantly larger trade volumes.



Notes: Values are averages for 2018-2022. The top 6 products are shown. Source: Comtrade 2024.

Products from MERCOSUR countries with Potential-Threat in Rep. of Korea

Methodology

The **Potential (or Threat)** of exporting a product is analyzed for each of the MERCOSUR countries, considering products classified at the four-digit Harmonized System (HS04) level.

The analysis is conducted based on the calculation and interpretation of the Revealed Comparative Advantage (RCA) index following Lima & Álvarez (2008).

A product is considered to have export **Potential** if the exporting MERCOSUR country has a Revealed Comparative Advantage (RCA index ≥ 1) in its exports, and the importing country also has a Revealed Comparative Advantage (RCA index ≥ 1) in its imports of the same product, indicating export risks.

The data source used is COMTRADE, and all values are averaged over 2018-2022.

Analysis by MERCOSUR country

Product	Have:	Argentine exports to		KOR relevance on Argentine exports	KOR imports from World (USD millions)	Argentine relevance on KOR's total imports (in %)
		KOR (USD millions)	World (USD millions)			
1005 Maize	Potential	902.5	6,777	13.3%	2,871	31.4%
0409 Natural honey		0.7	261	0.3%	14	5.3%
0903 Yerba mate		0.1	34	0.3%	0	52.3%
1510 Other oils and their fractions obtained exclusively from olive	Threat	0.0	0.0	8.8%	10	0.0%
1602 Other meat preparations and preserves		3.3	30.5	10.8%	214	1.5%
1605 Prepared crustaceans		0.5	9.6	5.6%	545	0.1%
2008 Fruits or other edible parts of plants and other fruits		4.4	176.5	2.5%	391	1.1%
0303 Frozen fish		24.5	231.5	10.6%	1,369	1.8%
0404 Whey		0.2	102.8	0.2%	179	0.1%
0507 Ivory		0.0	0.7	5.2%	52	0.1%
0603 Flowers and buds		0.0	0.1	0.2%	45	0.0%
0712 Dried vegetables		0.0	3.8	0.2%	84	0.0%
0713 Shelled dried vegetables		0.2	575.4	0.0%	73	0.2%
0805 Citrus fruit	0.2	566.1	0.0%	272	0.1%	

Only three products were identified with the potential to expand trade between Argentina and Rep. of Korea. Among these, corn already holds a relatively high share of Rep. of Korea's imports. While it could be increased slightly, Rep. of Korea might not find it desirable to depend even more on a single supplier, considering the overall importance of corn for food security.

Among the products at risk of declining trade with KOR, the only ones of significant importance to Argentina are meat preparations, frozen fish, and other oils. None of these products have a very high share in the total imports of each relevant market, which increases the risk or possibility that South Korea might seek to replace their sources.

Product	Have:	Brazilian exports to		KOR relevance on Brazilian exports	KOR imports from World (USD millions)	Brazil's relevance on KOR's total imports (in %)
		KOR (USD millions)	World (USD millions)			
1005 Maize	Potential	472.7	6485.9	7.3%	2870.9	16.5%
1104 Worked cereal grains		0.8	6.6	12.5%	11.7	7.1%
2101 Extracts, essences, and concentrates		14.0	683.4	2.0%	140.6	10.0%
2207 Undenatured ethyl alcohol with a volumetric alcohol content		83.6	1433.8	5.8%	308.9	27.1%
2304 Cakes and other solid residues from the extraction of soybean		674.2	10203.4	6.6%	787.3	85.6%
2401 Raw or unprocessed tobacco		56.3	2517.6	2.2%	221.7	25.4%
0207 Meat and edible offal of poultry		254.1	5953.7	4.3%	307.0	82.8%
1207 Other oil seeds and fruits	Threat	3.3	54.7	6.0%	245.0	1.33%
1302 Vegetable juices and extracts		2.7	115.9	2.3%	289.3	0.92%
1515 Other fixed vegetable fats and oils		2.7	75.5	3.5%	116.1	2.30%
0301 Live fish		0.2	8.5	2.4%	320.5	0.06%
0303 Frozen fish		6.5	111.2	5.8%	1369.2	0.47%
0307 Mollusks		0.1	1.0	8.2%	1000.9	0.01%
0410 Edible products of animal origin not elsewhere specified or		0.2	6.4	3.3%	5.8	3.62%

For nearly all products where Brazil has the potential to expand its market with KOR, the country already holds a relatively high share of the total imports in each specific market. Increasing this share would result in KOR becoming more dependent on imports from Brazil, which reduces the growth potential.

At least two products facing risks of declining exports to Brazil require greater attention: mollusks and frozen fish. This is because KOR is an important destination for Brazil, and since Brazil is not a particularly significant supplier for KOR in terms of its total imports, there is a higher likelihood of substitution.

Product	Have:	Paraguayan exports to		KOR relevance on Paraguayan exports	KOR imports from World (USD millions)	Paraguay's relevance on KOR's total imports (in %)
		KOR (USD millions)	World (USD millions)			
1005 Maize	Potential	57.52	485.95	11.8%	2,871	2.0%
2104 Soup preparations		0.69	0.69	100.0%	17	4.1%
2401 Raw or unprocessed tobacco		1.45	15.52	9.4%	222	0.7%
2008 Fruits or other edible parts of plants and other fruits	Threat	0.15	1.76	8.7%	391	0.0%
2101 Extracts, essences, and concentrates		0.03	1.49	2.0%	141	0.0%
2202 Water with sugar		0.00	0.08	3.5%	106	0.0%
0409 Natural honey		0.00	0.00	64.2%	14	0.0%

The three products identified with potential for increased exports, due to their relatively minor significance in Rep. of Korea's imports, have better chances for growth. However, in the case of soup preparations, the market is heavily concentrated in KOR, making diversification the most recommended strategy.

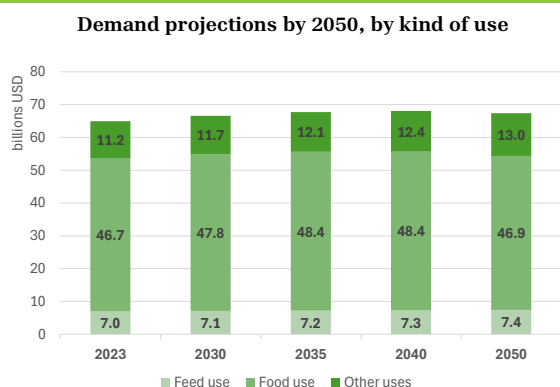
On the other hand, all products facing risks of declining exports from Paraguay have a low market share in KOR, implying higher relative risks of reduction. This decrease is particularly significant for honey, as South Korea is a very important destination for this product.

Product	Have:	Uruguayan exports to		KOR relevance on Uruguayan exports	KOR imports from World (USD millions)	Uruguay's relevance on KOR's total imports (in %)
		KOR (USD millions)	World (USD millions)			
1602 Other meat preparations and preserves	Potential	1.5	58.9	3%	214	0.7%
0202 Frozen bovine meat		6.4	1831.2	0%	2,160	0.3%
0303 Frozen fish		1.1	75.2	1%	1,369	0.1%
0307 Mollusks		1.3	13.8	9%	1,001	0.1%
2106 Food preparations	Threat	0.01	166.53	0.0%	1,944	0.0%
2204 Fresh grape wine		0.02	25.19	0.1%	395	0.0%
0106 Other live animals		0.01	0.65	0.9%	36	0.0%
0304 Fillets and other fish meat		0.02	5.52	0.4%	647	0.0%
0905 Vanilla		0.00	0.00	38.6%	4	0.0%

Four products have been identified with the potential for increased exports from Uruguay to KOR, primarily meats and fish. In all these cases, Uruguay's share in KOR's total imports of each product is very low. Although KOR is a relatively important destination for Uruguay only in the case of mollusks, it is not significant enough to recommend a substantial increase in market share due to the risk of market concentration.

Among all the products facing risks of declining exports from Uruguay, vanilla is the most important, as KOR accounts for nearly 40% of Uruguay's total exports of this product.

Food demand projections from Rep. of Korea



Source: FAO- Food and agriculture projections to 2050- Country Data Market

Changes in Food Demand

2050 vs 2023

+4%

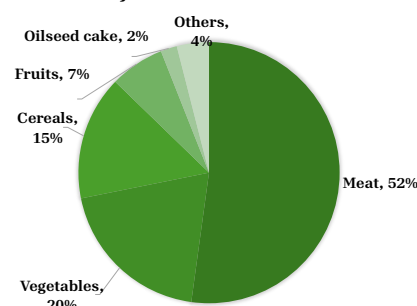
2040 vs 2023

+5%

2030 vs 2023

+3%

Share of Food Categories in Average Projections 2030-2050



Food demand in KOR is projected to increase by approximately 3% by 2030, with a slightly more pronounced rise expected until 2040, followed by a decline. The primary driver of this demand is human consumption, with a projected decrease between 2040 and 2050. Nevertheless, the overall growth rate is not very high.

In all projections, the products intended for human consumption are majority, with the smallest share for those used in animal feed. Regarding the product composition in the projections, meats, vegetables, and cereals hold the largest share (87%), presenting an opportunity for the region, given that it is already a significant exporter of meats and cereals.

Conclusions

The Republic of Korea has a market composed of nearly 52 million people and a population decline rate of 0.23%. Its GDP per capita is 2.55 times the global average, though its economic growth is below this same average. Despite this, trade plays a significant role in its economy, accounting for nearly the entire value of its GDP.

Argentina and Brazil are two of Rep. of Korea's main trade partners in importing agricultural products, with Brazil leading in this aspect. The United States and China follow in importance. Despite this, KOR's imports do not show high destination concentration, as the top six sources account for just over 25% of the total imports.

The top ten imported products constitute 54% of the total, with an average value of \$10 billion USD. MERCOSUR exports most of the major products, except palm oil. In general, tariffs are higher on agricultural products than on other sectors, averaging nearly nine times higher. All agricultural products have tariffs exceeding 15%, with cereals having the highest tariffs, averaging 187% under the MFN status. Additionally, tariff quotas are established for key products such as corn.

Regarding MERCOSUR exports to KOR, there is a high product concentration, with the top two products representing over 50% of the total exported by each country on average. Paraguay has the highest concentration, with corn accounting for 95% of its exports to KOR. Argentina also has a high concentration, though lower than Paraguay. This product concentration represents a risk for MERCOSUR.

A moderate growth in Rep. of Korean demand is expected, mainly in food for human consumption. The competitiveness analysis, based on Revealed Comparative Advantages, shows potential for increased exports from both MERCOSUR and KOR.

However, the list of products with export potential is not extensive, mainly comprising cereals, soybean complex products, and meats. Products with relatively low market shares in Rep. of Korea are considered to have a higher probability of increasing exports. Conversely, increasing dependence on products with a high market share does not seem strategic, as it would heighten risks for MERCOSUR countries.

MERCOSUR has been negotiating a Free Trade Agreement with Rep. of Korea since September 2021, although a definitive agreement has yet to be reached. This agreement could favor trade flows, especially in cereals, meats, fish, and soybean by-products, which are currently affected by very high tariffs compared to other competitors with existing trade agreements with KOR. Greater diversification in MERCOSUR's export basket could be beneficial, given the potential for gaining competitiveness due to the current tariff levels governing exports.



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