



## Market and Trade Data

### Theater Sales Drive Popcorn Market in South Korea

By Betty Yim

The United States has been the almost exclusive exporter of popping corn to South Korea for the last 20 years, and now corners 96 percent of imports to the country.

Popularity of the snack is still expanding, fed by the movie theater industry. About half of imported raw white and yellow popcorn is sold in bulk to multiplex cinemas. The remaining raw imports are sold to the food processing sector, where they are popped and repackaged mostly for retail sale.

#### White Popcorn Leads Sales

Domestic production of popcorn is very limited, so almost all raw kernels are imported.

In calendar year 2005, the United States exported nearly \$7 million of popcorn to South Korea. White popcorn topped imports at \$3.2 million; yellow popcorn came to \$2.4 million; and microwave, \$1.24 million.

Processed popcorn includes pre-popped popcorn as well as packaged microwave popcorn. Although sales of microwave popcorn had already been declining, recent media emphasis

on its transfat content has contributed to a further plummet. In addition to higher shipping costs, pre-popped popcorn does not keep well in South Korea's humid climate.

Importers avoid the high out-of-quota tariff rate for raw popcorn by importing smaller packages of raw kernels that are processed through the addition of seasonings in the packages.

#### Entry Strategy

The best entry strategy for U.S. suppliers is to partner with local importers who have industry-specific knowledge and information on the market. South Korea's largest importer also buys popcorn-related products such as popping machines and coconut oil. Importers will train buyers on machine use and maintenance after delivery.

The South Korean Corn Association divides the government quota for popcorn among its 43 members. Most members are popcorn marketing companies, popping companies, retail packaging companies, and distributors, while only a few are importers. Quota access is based on the size of the member's market share.

U.S. exporters must provide a phytosanitary certificate issued by APHIS (USDA's Animal and Plant

South Korea Tariffs for Popcorn

Product	Quota	Tariff In-Quota	Tariff Out-of-Quota	Value-Added Tax
Raw yellow popcorn	5,500 metric tons	1.8%	630%	None
Raw white corn	15,000 metric tons	2%	328%	None
Processed popcorn	None	45%	45%	10%

Health Inspection Service) for all raw popcorn. A document stating that the imported products are not derived from biotechnology is always requested.

#### **Poppin' Trends**

In South Korea, popcorn imports have been growing steadily. The only competition for U.S. producers comes from Argentina, which supplies about 4 percent of the import market. The United States is the only supplier of raw white popcorn and processed

popcorn. The microwave sector is expected to recover over time as products with lower transfat content emerge. ■

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