

# Economic Report South Korea

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### **Western lifestyle offers opportunities for German food**

South Korea is a major importer of food worldwide. German suppliers can also benefit from this demand if they adapt to the peculiarities of the market. The demand for pharmaceuticals in South Korea will increase. The market for cosmetics and cleaning products is mixed.

### **Overall economic outlook (as of December 2024)**

Despite the domestic political crisis, the Korean economy remains stable. Investments and consumption in particular are set to grow in 2025. Trump's re-election is causing further uncertainty.

#### **Top topic: Foreign and domestic policy gives reason for concern**

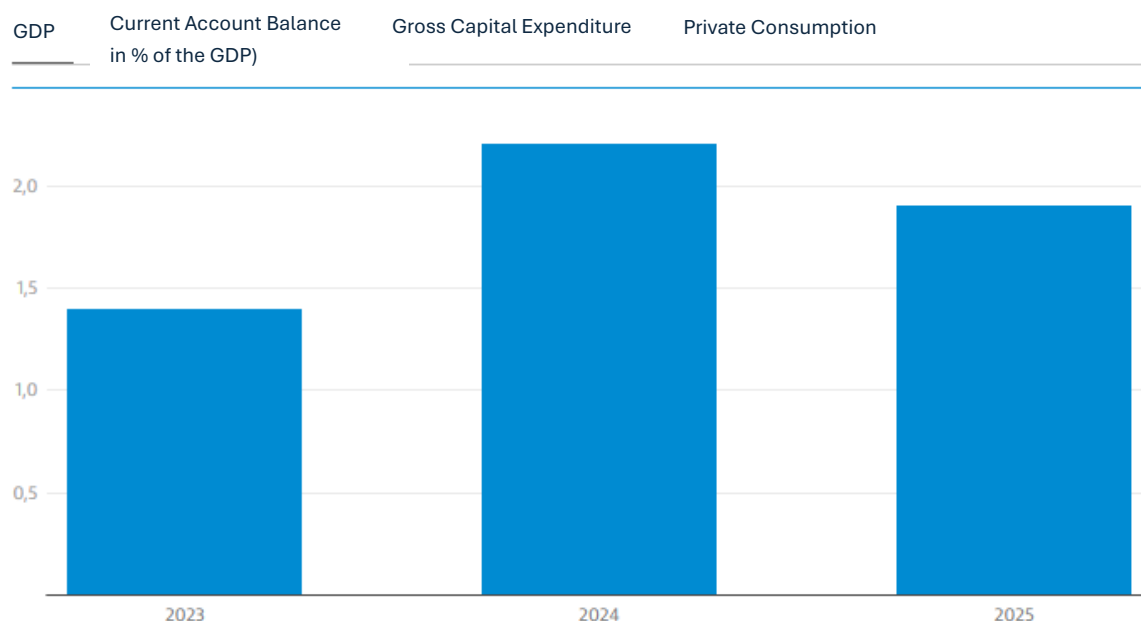
At the beginning of December 2024, a domestic political crisis in South Korea intensified after President Yoon Suk-yeol briefly declared martial law. The democratic institutions proved robust; parliament quickly ended the state of emergency. The incident briefly triggered uncertainty on the financial markets. Although the opposition failed in its bid to impeach President Yoon, he is still expected to leave office. Changes in industrial policy and immediate effects on foreign companies are not expected.

The protectionist policies of re-elected US President Trump will pose a further challenge in 2025. An escalation of the trade conflict with China and technological decoupling will hit the export-oriented economy. The Korean trade surplus with the US, which is expected to rise to 50 billion US dollars (US\$) in 2024, could also be on Trump's agenda. South Korean companies could invest even more in the USA in order to avoid tariffs. The government is also considering increasing energy imports from the US in order to reduce the trade surplus. Then there is security policy: in his first term in office, Trump called for South Korea to spend more on defense to station US soldiers. His approach to North Korea is also difficult to predict.

#### **Economic development: Central bank lowers forecast**

The growth of the South Korean economy is on shaky ground. In November 2024, the Bank of Korea (BOK) lowered its forecasts: gross domestic product (GDP) will only grow by 2.2 percent in real terms in 2024 instead of 2.4 percent. Value added in the manufacturing sector declined over the course of 2024, but still achieved a real increase of 3.2 percent in the third quarter. In 2025 and 2026, real GDP growth is expected to be around 2 percent.

## Economic development 2023 to 2025 in South Korea \* - real year-on-year change in percent



\* Forecasts for 2024 and 2025.

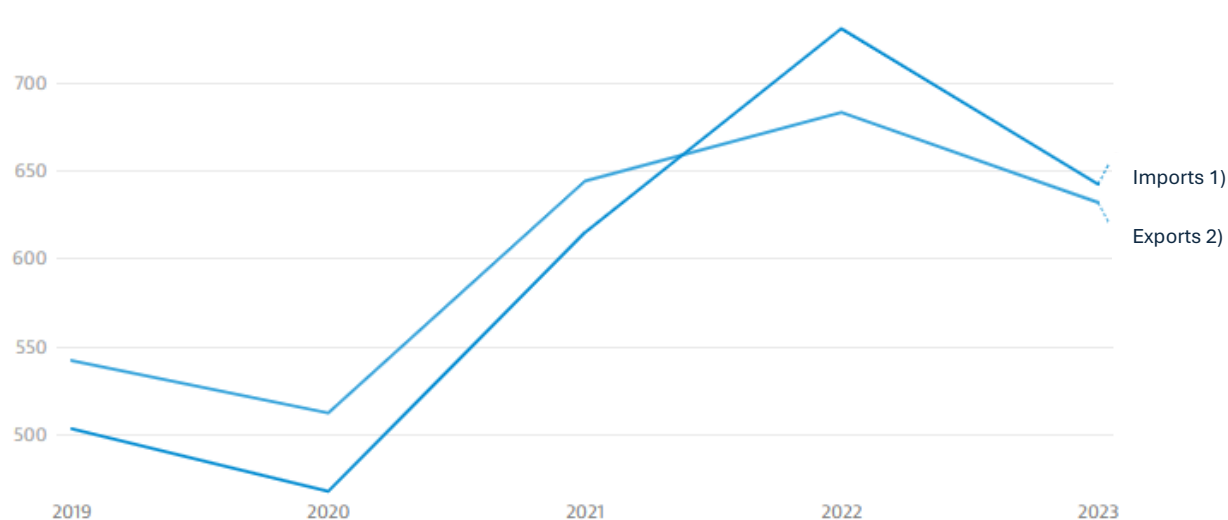
Source: BOK 2024 (November); International Monetary Fund (for current account balance) 2024

In October and November 2024, the central bank lowered the key interest rate from 3.5 percent to 3 percent after a long break. The two interest rate cuts in succession signal a shift in priorities: The economy is to be supported instead of financial stability. Research institutes expect further interest rate cuts at the beginning of 2025.

### Export growth weakens

Economic growth in 2024 was driven by exports. In addition to stronger global demand for semi-conductors and electronics, exports were boosted by the weaker national currency, the won. From January to October 2024, exports increased by 9 percent in nominal terms compared to the same period in the previous year. For the year as a whole, they are likely to approach the peak value of 2022.

### South Korea's foreign trade (in billion US dollars)

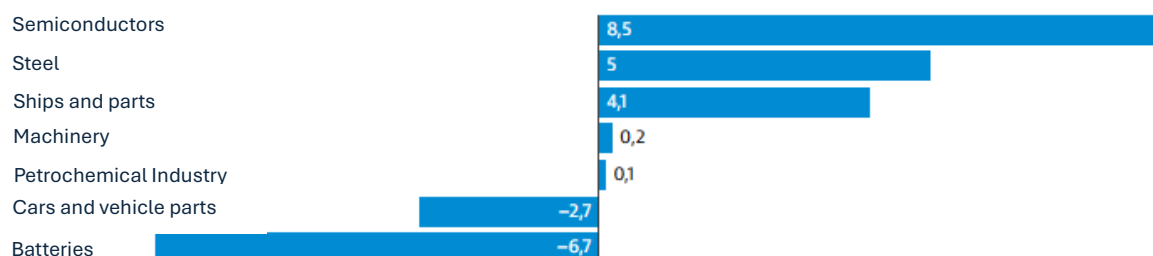


1 Cost, Insurance, Freight (cif); 2 Free on Board (fob).

Source: UN Comtrade 2024; Korea International Trade Association (KITA) 2024

The Korea Institute for Industrial Economics and Trade (KIET) forecasts that exports will increase by 2.2 percent in nominal terms in 2025. This means that exports could exceed the US\$ 700 billion mark for the first time. Above-average growth is expected in semiconductors, steel and shipbuilding. The important motor vehicle exports will remain at a high level in 2025 despite a decline. By contrast, exports of batteries will fall due to the global slump in sales of electric cars.

#### Forecast for the development of South Korea's exports in 2025 in selected product groups (Change in export value on a US\$ basis compared to the previous year in percent)



Source: Korea Institute for Industrial Economics and Trade (KIET), November 2024

#### Investments to increase

The central bank expects real growth of 1.5 percent in equipment investment in 2024, although this declined in the first half of the year. In addition, the BOK lowered its forecast for equipment investment in 2025 from the original 4.3 percent to 3 percent. This will continue to rise in 2026, but at a slightly slower rate of 2.1 percent. Construction investment is expected to fall by 1.3 percent in both 2024 and 2025 and not grow again until 2026.

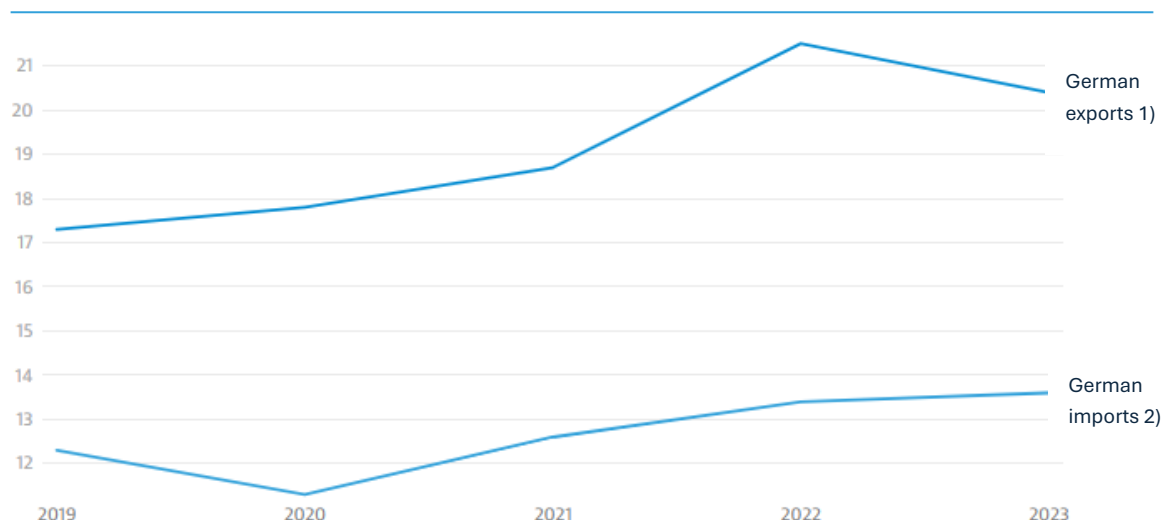
South Korean companies are generally more pessimistic about the future. The Business Survey Index (BSI), which the Federation of Korean Industries conducts among the country's 600 largest companies, remained below 100 points for December 2024. More companies have been pessimistic than optimistic about their situation since April 2022. In the manufacturing sector, the BSI stood at 89.9 points in October 2024. Here, only companies in the automotive sector were slightly positive. At the same time, battery manufacturers are facing falling global demand for e-cars. Shipbuilding could win more orders in 2024. The semiconductor and electronics industries are also likely to benefit from growth in 2025 following the slump in 2023.

#### Consumers are cautious

In the first six months of 2024, private consumption rose by 1 percent in real terms; growth is only expected to increase slightly in the second half of the year. For 2025, the central bank expects an increase of 2 percent, while growth in 2026 is likely to be lower at 1.8 percent. The unchanged high key interest rate until October 2024 had depressed consumer sentiment for a long time. Retail sales in the first three quarters of 2024 remained at the previous year's level.

The Composite Consumer Sentiment Index compiled by the BOK has been consistently above the 100-point mark since June 2024, albeit only just. A value above 100 points means that the proportion of consumers who are optimistic about the future development of the economy predominates. Even though prices are no longer being driven by high inflation, consumers remain cautious.

## German imports and exports in billions of euros



1) Cost, Insurance, Freight (cif); 2) Free on Board (fob).

Source: Destatis 2024

## German perspective: South Korea is an important sales market in Asia

63 percent of German companies cite lower demand for products and services as the biggest business risk in South Korea in the AHK World Business Outlook from fall 2024. South Korea is one of the most important export destinations outside Europe for the German economy, with deliveries totaling almost 15 billion euros in the first three quarters of 2024. However, the nominal decline of 1.9 percent on an annualized basis also means that South Korea has fallen back to third place behind Japan as the most important sales market in Asia. From January to September 2024, German deliveries of pharmaceuticals (-11.5 percent), passenger cars (-6.4 percent) and machinery (-3.6 percent) recorded the largest declines. In contrast, there was rapid growth in pork, imports of which will be possible again once the import ban is lifted in mid-2023. German exports of chemical products (excluding pharmaceuticals) and measurement and control technology also increased.

Further information on the development of the economy and important sectors can be found in the [GTAI-Länderseite South Korea](#).

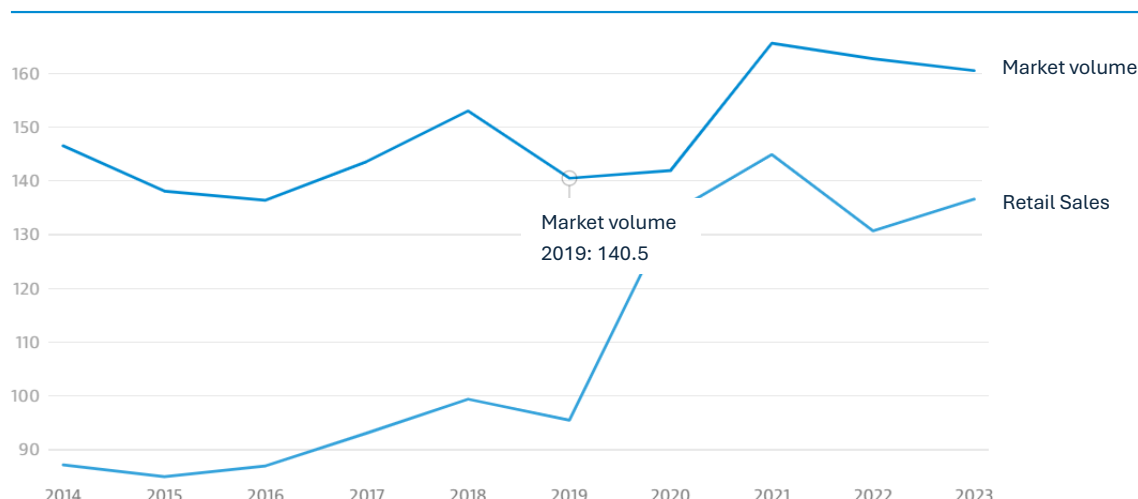
## Market Trends Food Industry

South Korea's market still has potential for German food. Consumers attach great importance to convenience and novelties, so suppliers should pay attention to current trends. According to the Ministry of Food and Drug Safety (MFDS), South Korea's market volume for food and beverages was around US\$ 160 billion (US dollars) in 2023. On a domestic currency basis, this corresponded to a marginal decline of 0.3 percent compared to the previous year. On a US dollar basis, it shrank by 1.3 percent. The basis for comparison is high: in 2021 and 2022, the market volume still saw double-digit growth on a won basis.

### Rising prices ensure growth

From 2014 to 2023, the market volume based on domestic currency grew by an average of 3.5 percent per year according to MFDS. This trend is likely to continue in the coming years. Market researchers from Statista Markets Insights forecast that sales in the sector will increase by an average of 5.4 percent per year in dollar terms between 2025 and 2030. Although older consumers are increasingly demanding food supplements, the ageing and shrinking population is also limiting growth in the food industry as a whole. However, higher costs for raw materials and energy are driving up prices, which in turn is increasing the market value.

## Market for food and beverages in South Korea is growing\* (in billion US dollars)



\* Market volume as production minus exports and plus imports; no figure for 2024; restructuring of Statistics Korea's industry classification for retail sales in 2020 limits comparability with previous years.

Source: Ministry of Food and Drug Safety (MFDS) 2025; Statistics Korea 2025; calculations by Germany Trade & Invest

## South Koreans pay a lot for food

According to Statistics Korea, retail sales of food and beverages amounted to around USD 132 billion in 2024. The prospects for the industry are good. Koreans have high purchasing power and spend a lot on food and beverages compared to other countries. On average, monthly spending on food and beverages per capita amounted to almost US\$ 155 in 2024. In addition, expenditure in the food service sector amounted to US\$ 216. The majority of spending is on meat, fruit, vegetables, fish and seafood. Dairy products are consumed less. The more westernized lifestyle is driving demand for cheese and bread.

## Expenditure by private households on food and beverages in South Korea <sup>1)</sup> (selection; in US dollars per month and per capita; percentage change based on domestic currency)

Category	2022	2023	2024	Change 2024/2023
<b>Food and beverages, including</b>	<b>151,17</b>	<b>151,60</b>	<b>154,92</b>	<b>6,8%</b>
Meat and meat products	24,92	24,58	23,93	1,7%
Fruits	15,98	16,73	17,68	10,4%
Vegetables, potatoes	15,94	16,18	17,16	10,8%
Fish, fish products, seafood	14,93	14,30	13,96	2,1%
Beverages	12,22	12,48	12,93	8,3%
Baked goods <sup>2)</sup>	11,25	11,33	11,46	5,7%
Confectionery	10,51	10,73	11,34	10,4%
Dairy products and eggs	10,50	10,15	10,52	8,4%
<b>Restaurants</b>	<b>204,38</b>	<b>214,83</b>	<b>216,28</b>	<b>5,2%</b>

<sup>1</sup> Conversion at the exchange rate of the Deutsche Bundesbank; 2021: US\$ 1 = KRW 1,146; 2022: US\$ 1 = KRW 1,294; 2023: 1 US\$ = 1,308 KRW; 2024: 1 US\$ = 1,367 KRW;

South Korean won depreciated sharply against US\$ in 2022; <sup>2</sup> including rice cakes.

Source: Statistics Korea 2025; calculations by Germany Trade & Invest

### Food supplements with potential

The food supplement segment has been growing strongly for years. The segment is also benefiting from the rapid ageing of the population. The coronavirus pandemic also boosted the market. In 2023, the market volume reached almost US\$ 4 billion. The MFDS expects continued strong growth in the coming years. South Korea mainly imports vitamins and probiotics.

### Cooking boxes, functional drinks and sugar substitutes on trend

Korea's households are getting smaller and smaller: this means that smaller portions are in greater demand and the market for ready meals is growing. Korean consumers attach great importance to novelty and convenience. Meal kits, which contain a set of pre-portioned ingredients for a home-cooked meal, are very popular. Online food shopping has also become established. Suppliers also have to keep up with trends when it comes to drinks: For example, functional drinks that not only quench thirst but also have a health-promoting effect are popular. Products with a high protein content and sugar-free products with alternative sweeteners and fewer calories are becoming increasingly established in the food and beverage sector.

There are currently investment projects in the production of instant noodles, frozen products, ready meals and sauces as well as in logistics. The focus is on exports due to weaker domestic demand. The government also wants to strengthen the role of "K-Food" (Korean cuisine) and increase exports to USD 23 billion by 2027. Korean suppliers are also expanding facilities abroad.

### Selected investment projects in food and beverages in South Korea (in millions of US dollars)

Company	Total	Project Status	Remarks
Harim	305.8	Announcement in May 2023; completion by 2026	Construction of frozen food and instant rice production plant and logistics center at the Industrial Complex in Iksan (North Jeolla Province)
Lotte Wellfood <sup>1)</sup>	169.7	Letter of intent in October 2023; extension until 2026	Expansion of the existing ice cream production plant in Cheonan (South Chungcheong Province) to become the world's largest ice cream factory in the country
Nongshim	166.2	Announcement in June 2024; completion by October 2027	Construction of a logistics center for instant noodles in Ulsan
Lotte Wellfood <sup>1)</sup>	161.3	Announcement in March 2024; completion by June 2026	Expansion of production at second plant and central logistics center in Pyeongtaek
Nongshim	143.2	Announcement in September 2024; completion in the first half of 2026	Construction of plant in the Noksan National Industrial Complex in Busan; three production lines with a capacity of 500 million packs of instant noodles per year; exclusively for export; the manufacturer's first Korean plant in 17 years
Otoki <sup>2)</sup>	120.0	Announcement in December 2023; completion by January 2027	New construction of the old factory for sauces and ready meals in Anyang (Gyeonggi province)
Dongwon F&B	112.0	Announcement at the end of 2024; completion January 2026 (frozen meals) and April 2026 (dairy products)	Construction of production plant for frozen and chilled meals near Jincheon (North Chungcheong province) and milk drinks (location still unknown)
SPC Samlip	70.0	Announcement in November 2024; completion by November 2026	Expansion of production facilities for baked goods in Cheongju (North Chungcheong province)

<sup>1)</sup> Formerly Lotte Confectionary, renamed after merger with Lotte Foods in 2022;

<sup>2)</sup> also Ottogi, renamed in English to Otoki in August 2024.

Source: Press releases 2025; information from companies 2025; research by Germany Trade & Invest

### Slight decline in imports in 2024

South Korea is dependent on imports and has one of the lowest food self-sufficiency rates among OECD countries. In 2023, the country remained the world's fifth-largest importer of food outside Europe. Purchases of food amounted to just under US\$ 34 billion in 2024 and US\$ 1.3 billion for beverages.

**In Asia-Pacific, South Korea is the third largest importer of food and beverages after China and Japan.**

Significant import segments are meat, fish and seafood. There was growth in imports of meat, coffee, baked goods and confectionery in 2024. Imports of cheese and quark fell by a quarter compared to the previous year. Demand for coffee is steadily increasing: South Korea was the fourth-largest non-European importer worldwide in 2023, ahead of China. Overall, South Korea's food imports fell by 1.8 percent in dollar terms in 2024.

### Selected food imports in South Korea 2024 <sup>1)</sup> (in millions of US dollars; change compared to the previous year and shares in percent)

Category	Value	Change	Shares of top competitors	Germany
<b>Food and beverages, including</b>	<b>34.311</b>	<b>-1,...</b>	<b>USA 24,2; China 12,6; Australien 8,8</b>	<b>2,3%</b>
Meat	6	2,1%	USA 42,5; Australien 23,8; Brasilien 5,8	2,2%
Pork	18	8,9%	USA 32,1; Spanien 16,7; Kanada 13,5	7,3%
Fish and seafood	5.518	-6,...	China 24,8; Russland 16,3; Vietnam 14,7	0,0%
Dairy products	1.382	-14,1%	USA 22,9; Neuseeland 14,7; Frankreich 13,6; Niederlande 11,1	8,5%
Cheese and curd	650	-24,6%	USA 38,0; Neuseeland 16,2; Dänemark 9,7	9,1%
Coffee	1.377	11,1%	Brasilien 20,8; Kolumbien 12,5; Vietnam 11,5	0,9%
Baked goods and confectionery <sup>2)</sup>	1.230	8,4%	China 18,5; USA 11,2; Malaysia 8,9	8,8%
Dietary supplements <sup>3)</sup>	..069	-8,...	USA 40,1; Kanada 7,8; Indien 6,5	19,3%
Baby food	90	-15,9%	Neuseeland 19,5; Australien 6,8; Niederlande 5,9	50,9%

<sup>1)</sup> Deviations due to rounding;

<sup>2)</sup> Baked goods, chocolate, confectionery;

<sup>3)</sup> Data for 2023.

Source: Korea International Trade Association (KITA) 2025; MFDS 2024

Purchases of alcoholic beverages fell more sharply than those of beverages overall in 2024. The growth trend in wine imports reached its limits in 2023 and 2024. Lower production led to a significant drop in supply, which was also reflected in fewer South Korean imports. Imports of beer in 2024 were only around two-thirds of the 2018 peak, with domestic beers benefiting from the change in taxation in 2020. Overall, the demand for non-alcoholic beverages from abroad is growing steadily, even though imports fell in 2024.

**Selected imports of beverages and fruit and vegetable juices in South Korea 2024 \***  
(in million US dollars; year-on-year change and shares in percent)

Category	Value	Change	Shares of top competitors	Share Germany
<b>Beverages, including</b>	<b>1.267</b>	-5,9%	<b>Vereinigtes Königreich 16,5; Frankreich 16,0; USA 11,6</b>	<b>2,7%</b>
Alcoholic drinks	1.058	-6,3%	Vereinigtes Königreich 19,7; Frankreich 18,1; USA 12,6	<b>2,4%</b>
Wine	465	-8,8%	Frankreich 37,8; USA 16,6; Italien 13,4	<b>2,1%</b>
Spirits	336	-5,1%	Vereinigtes Königreich 61,5; USA 9,0; Japan 6,7	<b>1,2%</b>
Beer	205	-5,9%	Japan 32,9; Niederlande 13,8; USA 11,2	<b>4,9%</b>
Non-alcoholic drinks	209	-4,2%	China 30,7; Thailand 11,6; USA 6,6	<b>4,5%</b>
Lemonades	138	0,0%	Thailand 15,7; China 10,8; USA 9,9	<b>6,7%</b>
Water	71	-11,5%	China 69,6; Frankreich 12,0; Italien 8,2	<b>0,1%</b>
Fruit and vegetable juices	<b>283</b>	<b>25,0%</b>	<b>Spanien 33,9; USA 10,1; Israel 8,3</b>	<b>2,7%</b>

\* Deviations due to rounding.

Source: KITA 2025

### Good sales opportunities for German suppliers

Products from Germany accounted for 2.3 percent of South Korean food imports in 2024. Imports reached a record level of US\$ 777 million. Germany further expanded its already outstanding position in infant formula to a market share of almost 51 percent in 2024. German suppliers also have significant market shares in dairy products, food supplements, baked goods and confectionery.

### Attention!

Following a case of foot-and-mouth disease in Brandenburg, South Korea has once again banned imports of pork from Germany since January 2025. Deliveries were already banned between fall 2020 and summer 2023 due to an outbreak of African swine fever. Until 2020, Germany was the second most important supplier of pork after South Korea. Imports from Germany recovered temporarily in 2024.

**Selected food imports from Germany (in million US dollars; change in percent)**

Segment	2020	2023	2024	Change 2024/2023
<b>Total Food Products</b>	<b>754.9</b>	<b>682.3</b>	<b>777.0</b>	<b>13.9</b>
Pork <sup>1)</sup>	289.8	-3.0	19.0	-0.2
Dairy products	96.4	174.7	117.1	-32.9
Cheese and curd	96.4	120.3	59.4	-50.7
Chocolate, biscuits, sugar confectionery	97.4	101.0	108.0	6.9
Baby food	35.9	43.8	46.0	5.1
Coffee	39.2	19.4	12.9	-33.8
<b>Dietary supplements <sup>2)</sup></b>	<b>83.2</b>	<b>206.0</b>	<b>n.a.</b>	<b>-2.5</b>

<sup>1)</sup> Between September 2020 and summer 2023, South Korea imposed an import ban on German pork;

<sup>2)</sup> deviating rate of change 2023/2022.

Source: MFDS 2024; KITA 2025

A wide range of German food is now available in the country. For beverages, this also applies to beer, wine and sparkling wine. Beverage deliveries to South Korea fell sharply in 2024. In addition to fruit and vegetable juices and soft drinks, Germany lost the most market share in beer and slipped to 8th place among the most important supplier countries.

**Selected imports of beverages and fruit and vegetable juices from Germany (in million US dollars; change in percent)**

Segment	2020	2023	2024	Change 2024/2023
<b>Total Beverages</b>	<b>33.9</b>	<b>40.8</b>	<b>34.4</b>	<b>-15.7</b>
Beer	17.7	13.6	10.1	-25.9
Wine	3.1	10.6	9.9	-6.4
Lemonade	8.5	10.9	9.3	-14.7
<b>Vegetable and fruit juices</b>	<b>11.7</b>	<b>10.3</b>	<b>7.6</b>	<b>-26.3</b>

Source: KITA 2025

## Sector Structure of the Food Industry

South Korea's food and beverage industry is efficient. Some foreign companies produce in the country. Companies from the USA often resort to franchising.

According to the Ministry of Food and Drug Safety (MFDS), the production of food and beverages including livestock farming and fishing in South Korea amounted to 135.6 billion US dollars (US\$) in 2023. Based on the domestic currency, this is an increase of almost 2 percent compared to the previous year. Processed food accounted for US\$ 81.9 billion.

According to the Bank of Korea, the food industry accounted for 4.5 percent of gross value added in South Korea's manufacturing sector in 2023. This corresponded to 1.2 percent of gross domestic product.

According to Statistics Korea, the food industry had a total of around 6,300 production facilities with around 290,000 employees in companies with ten or more employees in 2022. In addition, there were around 280 beverage production plants with almost 19,000 employees. Important segments of production are meat products, dairy products and beverages. Over the past ten years, the production of food supplements and ready meals in particular has grown strongly.

**Production of selected food and beverages in South Korea increases \***  
(in millions of US dollars; percentage change based on domestic currency)

Segment	2021	2022	2023	Change 2023/2022
Meat /Meat products	11.843	12.707	13.220	5,2%
Ready meals	6.441	6.567	6.914	6,4%
Milk and dairy products	7.204	6.826	6.865	1,7%
Processed fish & seafood	6.804	6.426	6.633	4,3%
Non-alcoholic drinks	6.097	6.307	6.379	2,2%
Spices and sauces	5.902	5.530	5.873	7,4%
Alcoholic drinks	4.511	4.625	4.623	1,0%
Noodles	3.126	3.396	3.396	10,5%
Baked goods	3.127	3.288	3.647	12,1%

Source: Statistics Korea 2025

**CJ, Nongshim and Otoki dominate production**

In food production, the South Korean groups CJ Cheil Jedang and Nongshim are the biggest players in terms of sales. Other major manufacturers include Otoki (also Ottogi, renamed in English in 2024), Lotte Wellfood (merger of Lotte Confectionary and Lotte Foods), Daesang, Dong Suh Food and Paris Croissant.

Among the major manufacturers, Lotte Wellfood and Samyang Foods produced less in 2023 than in 2022, while other suppliers increased their production, including Nongshim, Daesang and Dong Suh Food. Samyang Foods, which is part of the Samyang Roundsquare Group, experienced a rapid rise from 2020 to 2022. Samyang Foods almost doubled its production in just two years. Although turnover fell slightly in 2023, it shot up by 45 percent in 2024 on a domestic currency basis.

### South Korean manufacturers produce a wide range of food products <sup>1</sup> (Production value in millions of US dollars; percentage change based on domestic currency)

Company	2023	Change 2023 / 2022	Important products
CJ Cheil Jedang	2.316	0,2%	Ready meals, meat, sauces, dietary supplements, edible oil, seaweed
Nongshim	1.756	3,1%	Instant noodles, snacks
Otoki (auch Ottogi) <sup>2</sup>	1.651	1,4%	Instant noodles, sesame oil
Lotte Wellfood <sup>3</sup>	973	-8,7%	Dairy products, Icecream, biscuits, chocolate, chewing gum
Samyang Corporation	802	2,5%	Baking mixes, instant noodles, dietary supplements
Daesang	788	2,3%	Spices, soy sauce, starch
Samyang Foods	777	-13,8%	Instant noodles, sauces, snacks
Dong Suh Food Corp	773	2,8%	<b>Food, coffee, beverages</b>
Paris Croissant	609	2,0%	<b>Baked goods</b>

<sup>1)</sup> Conversion at the exchange rate of the Deutsche Bundesbank;

<sup>2)</sup> including Ottogi Noodle;

<sup>3)</sup> Renaming after merger of Lotte Confectionary with Lotte Foods in 2022.

Source: MFDS 2024; Research by Germany Trade & Invest

Samyang Corporation has also seen strong growth in production in recent years, with its instant noodles "Buldak Ramen" enjoying great popularity as "K-Food". The "Fire Noodle Challenge" on social media, in which a bowl of the very spicy noodles is eaten on camera, has attracted particular attention.

### Foreign companies play a limited role in production

Foreign companies are particularly active in the beverage sector. Coca-Cola and the Oriental Brewery (OB) have their own production facilities in South Korea. OB now belongs to the Belgian brewery group AB InBev. According to MFDS, the volume of beverage production does not come close to the local suppliers HiteJinro and Lotte Chilsung Beverage. Nongshim has been producing the fruit juice drink Capri-Sun at a plant in Anseong in Gyeonggi province since 1997.

### Important beverage producers in South Korea \* (Production value in millions of US dollars; change based on domestic currency in percent)

Company	2023	Change 2023 / 2022	Important products
Lotte Chilsung Beverage	1.785	5,2%	Juices, non-alcoholic drinks
HiteJinro	1.163	-8,8%	Beer, alcoholic drinks
Maeil Dairies	548	-0,8%	Dairy products
Coca Cola Beverage	437	4,9%	Non-alcoholic drinks
Oriental Brewery Co.	390	-2,9%	Beer

\* Conversion at the exchange rate of the Deutsche Bundesbank.

Source: MFDS 2024

In South Korea, foreign companies from various food segments also produce in joint ventures with South Korean partners. These include Baskin Robbins, Danone, Dunkin' Donuts, Kraft and Kellogg's (now Kellanova). However, Nestlé and the South Korean food group Lotte Wellfood announced in March 2025 that they would dissolve their joint venture Lotte-Nestle Korea at the end of the first quarter of 2026. The 50:50 joint venture was founded in 2014 and produces animal feed as well as food and beverages.

#### Selected food manufacturers with foreign participation in South Korea

Company	Production details
Baskin Robbins (BR Korea) <sup>1)</sup>	Plant in Eumseong (North Chungcheong Province)
Coca Cola Beverage	Plants in Yeosu (Gyeonggi Province), Yangsan (South Gyeongsang Province) and Gwangju (South Jeolla Province)
Danone Pulmuone	Plant in Muju (South Jeolla Province)
Dunkin Donuts (BR Korea) <sup>1)</sup>	Plant in Anyang (Gyeonggi province)
HY (früher Korea Yakult) <sup>2)</sup>	Dairy products plant in Nonsan
Kraft Heinz Korea	Plant in Incheon
Lotte-Nestle Korea	Plant in Cheongju (North Chungcheong Province)
Nongshim Kellogg	Plant in Anseong (Gyeonggi province)
Oriental Brewery	Plant in Gwangju, also produces Hoegaarden and Budweiser

<sup>1)</sup> BR Korea is a joint venture between SPC and Dunkin Inc.; <sup>2)</sup> now Korean-owned;

<sup>3)</sup> Joint venture to be dissolved in the first quarter of 2026.

Source: Research by Germany Trade & Invest

#### Companies from the USA are important franchisors

Important foreign franchisors include Burger King, McDonald's, Subway, Baskin Robbins and Dunkin' Donuts (both via BR Korea as a joint venture with SPC), Domino's Pizza, Pizza Hut, Papa John's, Kentucky Fried Chicken and Krispy Kreme (with Lotte GRS). Gong Cha from Taiwan is also present. Vapiano from Germany was also briefly represented in South Korea.

Major South Korean franchisors are Lotte GRS (including Lotteria, Angel-in-us) and SPC (Paris Baguette, Paris Croissant, Shake Shack, Eggslut, Caffè Pascucci, Jamba Juice etc.). According to reports in the South Korean press, the SPC Group took over the French franchisor for sandwich and salad restaurants Lina's in June 2022.

#### Selected franchisors in South Korea

Segment	Supplier / Chains
Burger, Sandwiches	Lotteria, Burger King (USA), McDonald's (USA), Mom's Touch, Subway (USA), No Brand Burger
Pizza	Domino's Pizza (USA), Pizza Hut (USA), Papa John's (USA), Mr. Pizza, Pizza Maru, Pizza School, Shinsegae Food (No Brand Pizza)
Baked goods	Paris Baguette, Tous Les Jours
Coffee houses	Starbucks *, Ediya Coffee, Twosome Place, Hollys, Mega Coffee, Paik's Coffee, Compose Coffee
Donuts	Dunkin' Donuts (USA), Krispy Kreme (USA)

<sup>1)</sup> Starbucks has sold a majority stake in the Starbucks Korea joint venture to Shinsegae in 2021; an investment fund from Singapore has also acquired a stake.

<sup>2)</sup> Jollibee announced in July 2024 that it would acquire a majority stake in Compose Coffee.

Source: Research by Germany Trade & Invest

### Food exports are gaining in importance

South Korea's exports of food and beverages increased by 6.3 percent to US\$ 9.6 billion in 2024. This corresponds to a 1.4 percent share of total exports. The country's most important export product is instant noodles ("ramyeon"), exports of which exceeded the US\$ 1 billion mark for the first time in 2024. Deliveries are mainly made to the Asia-Pacific region. The most important sales markets for South Korean food and beverages in 2024 are the USA (18.2 percent), China (17.4 percent), Japan (13.7 percent), Vietnam (7.2 percent) and the Hong Kong Special Administrative Region (3.6 percent). Japan was the number one sales market for a long time but was overtaken by China in 2020. In 2023, the USA overtook Japan and then China in 2024. This makes them the most important buyer of South Korean food and beverages for the first time.

### "K-Food" as a sales argument

The government wants to boost exports in the food industry and has set itself ambitious targets. Exports are marketed as "K-food", tying in with the popularity of South Korean films and music abroad. Exports are set to rise to around US\$ 23 billion by 2027. Abroad, South Korean companies operate plants for instant noodles and confectionery, for example. Industry leader CJ Cheil Jedang, among others, wants to invest more in research and development in order to consolidate its position in the USA and Europe. However, some companies are deliberately opting for the "Made in Korea" strategy instead of manufacturing abroad. Announced US tariffs will therefore affect suppliers in the food sector. This includes Samyang Foods, for example, which reported that it generated 77 percent of its sales abroad in 2024 and does not have a US factory.

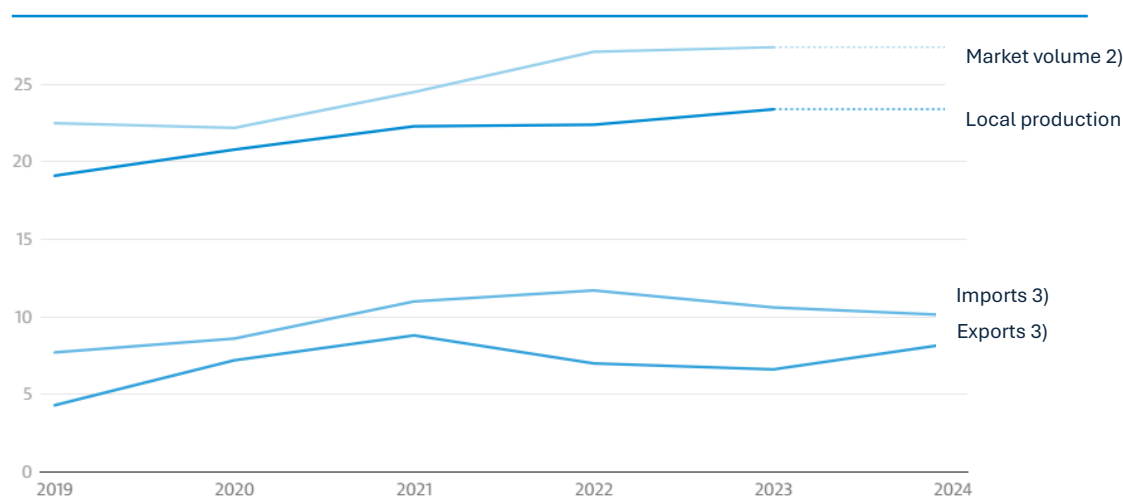
## Pharmaceutical Industry

South Korea imports large quantities of innovative medicines. This offers opportunities for foreign suppliers. The ageing population will ensure rising demand.

### Market trends

The market for pharmaceuticals in South Korea amounted to between 24.1 billion US dollars (US\$) and 27.4 billion US\$ in 2023, depending on the definition. According to the market research institute IQVIA, South Korea is the thirteenth largest market for pharmaceuticals worldwide. IQVIA forecasts a growth rate of between 4.5 percent and 7.5 percent until 2027. In 2028, South Korea is also expected to move up to 12th place worldwide.

### Market for pharmaceuticals in South Korea <sup>1)</sup> (in billions of US dollars)



<sup>1)</sup> Deviations due to rounding; no data yet for local production and market volume 2024;

<sup>2)</sup> calculated as production value minus exports and plus imports; <sup>3)</sup> exports and imports according to SITC item 54.

Source: Ministry of Food and Drug Safety (MFDS) 2024; Korea International Trade Association (KITA) 2024

In 2023, production was at a slightly higher level than in 2022 and amounted to around US\$ 23.4 billion. Prescription drugs account for the majority of production in South Korea: Their share has risen to 86 percent in recent years. The remaining 14 percent are over-the-counter medicines. Retail sales of pharmaceuticals amounted to around US\$ 22.9 billion in 2024. This corresponds to an increase of 1.8 percent on a US dollar basis, and an increase of 6.4 percent on a domestic currency basis. According to the Ministry of Food and Drug Safety (MFDS), there are 680 production sites in the country and the number of employees in the industry is 60,000 according to Statistics Korea.

### Demographic change creates growth potential

According to the Organization for Economic Cooperation and Development (OECD), pharmaceutical expenditure in South Korea amounted to around USD 718 per capita in 2023. The average consumption of medicines in the country in 2022 was 1,243 doses taken daily per 1,000 inhabitants.

The vast majority of medicines in South Korea are sold in pharmacies. The government is trying to reduce the prices of pharmaceuticals. However, the rapid ageing of society, Western eating habits and increasing lack of exercise are likely to continue to drive up the country's healthcare expenditure in the future. Added to this are rising prosperity and the increase in chronic diseases.

### German companies also invest in the country

Within the industry, biopharmaceuticals are providing strong impetus, with the biosimilars segment in particular driving growth. Leading South Korean companies such as Samsung Biologics and Lotte Biologics are committed to long-term investment projects to build biopharmaceutical plants in Songdo. Celltrion is also focusing on production and research in South Korea.

Among the German companies, Sartorius built a factory for the production of disposable bags, cell culture media and filters in Songdo for around US\$ 300 million. Merck is also investing more than US\$ 300 million in the construction of a bioprocessing production center in Daejeon for dry powder cell culture media and process liquids, among other things. It is the company's largest investment in Asia-Pacific to date.

### Selected investment projects in the pharmaceutical industry in South Korea (Investment amount in million US dollars)

Company	Investment	Period	Remarks
Samsung Biologics	ca. 5.733	2023-2032	5th - 8th plant for biopharmaceuticals in Songdo
Lotte Biologics	2.320	2023-2030	Completion of 5th plant in April 2025
Celltrion	1.160	2020-2026	3 plants for biopharmaceuticals in Songdo
Merck	300	2024-2028	Start of construction of the first factory in July 2024
SK Pharmteco <sup>1)</sup>	260	2024-2026	3rd and 4th plant and research center in Songdo
Celltrion	206	2025-2028	Construction of a Bioprocessing Production Center in Daejeon, including for dry powder cell culture media, process fluids and systems for sterile sampling
Kyong-Bo Pharmaceuticals <sup>2)</sup>	64	2024-2026	Construction of a factory for antibody drug conjugates (ADCs) in Asan (South Chungcheong Province)

<sup>1)</sup> Subsidiary of SK;

<sup>2)</sup> Subsidiary of Chong Kun Dang.

Source: Press and company reports 2025; research by Germany Trade & Invest

### Industry structure and framework conditions

Leading manufacturers of pharmaceuticals in 2023 included Celltrion, Hanmi Pharmaceutical, Chong Kun Dang and Daewoong Pharmaceutical. Moderna Korea had risen rapidly with coronavirus vaccines and was still ranked number one in 2022, but is no longer a major player.

In vitro diagnostics are approved as medical technology in South Korea; as with pharmaceuticals, the MDFS is responsible for this. During the coronavirus pandemic, SD Biosensors and Seegene have done good business with test kits for detecting the coronavirus.

### Sales of leading pharmaceutical manufacturer in South Korea \*) (in billions of US dollars; change compared to the previous year in percent)

Company	2024	Change*
Samsung Biologics	3.33	23.1
Celltrion	2.58	29.8
Yuhan	1.51	11.2
Korea Green Cross	1.23	3.3
Chong Kun Dang	1.16	-5.0
Hanmi Pharmaceutical	1.09	0.3
Daewoong Pharmaceuticals	1.04	3.4
Boryung	0.74	18.3
HK Inno.N	0.66	8.2
Dongkook Pharmaceutical	0.59	11.1

\* Conversion at the exchange rate of the Deutsche Bundesbank; change based on the domestic currency South Korean won.  
Source: Company data 2025; Financial Supervisory Service 2025

South Korean exports of pharmaceuticals soared by more than a quarter in 2024 compared to the previous year, but fell short of the record of almost USD 8.8 billion in 2022. There were high growth rates in 2024 for immunological products as the most important supply category. The only declines were in exports of vaccines, diagnostics and laboratory reagents on carriers. During the coronavirus years, South Korean companies supplied preliminary products for test kits to detect Covid-19.

### South Korean companies to become global players

The South Korean government wants to make the country a global market leader in pharmaceuticals and healthcare and has designated biotechnology as a strategic high-tech sector. By 2030, five of the top 50 market leaders worldwide are to come from South Korea. The government wants to double exports of medicines to US\$ 16 billion between 2022 and 2027.

### Germany is an important supplier country for medicines

Information on imports varies depending on the delimitation. According to trade statistics, South Korea imported pharmaceuticals worth US\$ 10.1 billion in 2024, a decrease of just over 4 percent compared to the previous year.

**South Korea's import of pharmaceuticals by product group**  
(in billion US dollars; change in percent)

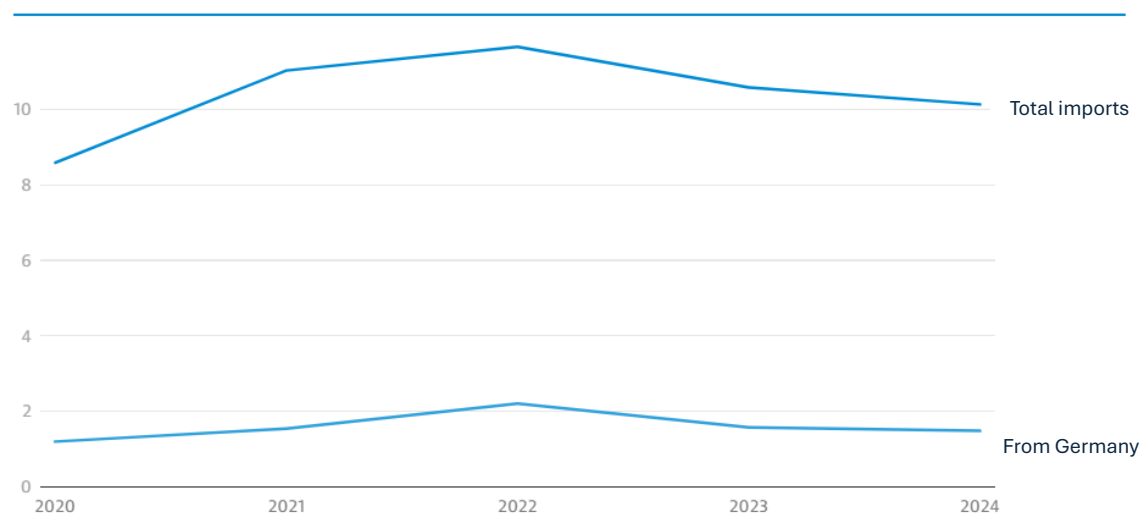
Product group	2022	2023	2024	Change 2024/2023
Pharmaceuticals <sup>1)</sup> , including	11.66	10.58	10.13	-4.2
Medicinal products, dosed for retail sale HS 3004	5.52	5.19	4.87	-6.1
Immunological products HS 3002, including	4.60	3.99	3.86	-3.3
Vaccines HS 3002.20, 3002.41	1.75	0.62	0.47	-24.5
Pharmaceutical preparations S 3006	0.32	0.35	0.34	-4.1
Absorbent cotton, gauze, bandages, plasters, etc. HS 3005	0.30	0.16	0.15	-6.0
Diagnostic and laboratory reagents on a carrier HS 3822 <sup>2)</sup>	0.89	0.90	0.87	-3.5

<sup>1)</sup> according to SITC position 54; <sup>2)</sup> Not included in total amount for pharmaceuticals.

Source: KITA 2025; Korea Customs 2025

The MFDS cites Germany as the most important reference country. According to KITA, however, Germany ranked second after the USA (US\$ 1.8 billion) with US\$ 1.5 billion in 2024. Other important supplier countries are Ireland (USD 829 million), France (USD 629 million), China (USD 599 million), Switzerland (USD 535 million) and Japan (USD 444 million). In 2023 and 2024, imports of vaccines in particular declined, having reached record levels during the coronavirus pandemic.

**South Korea's imports of pharmaceutical products (in billion US dollars)**



\* according to SITC position 54.

Source: UN Comtrade 2025; Korea International Trade Association 2025

### Patience is required for the approval of medicinal products

The high import quota for innovative drugs and active pharmaceutical ingredients shows that foreign suppliers have good opportunities on the South Korean market. However, the government's pricing policy favors suppliers of generics, especially biosimilars, which benefits domestic suppliers. Manufacturers or importers of pharmaceuticals must apply for approval from the responsible Ministry of Food and Drug Safety (MFDS). According to market participants, the approval process is considered complex.

## Cosmetics Industry

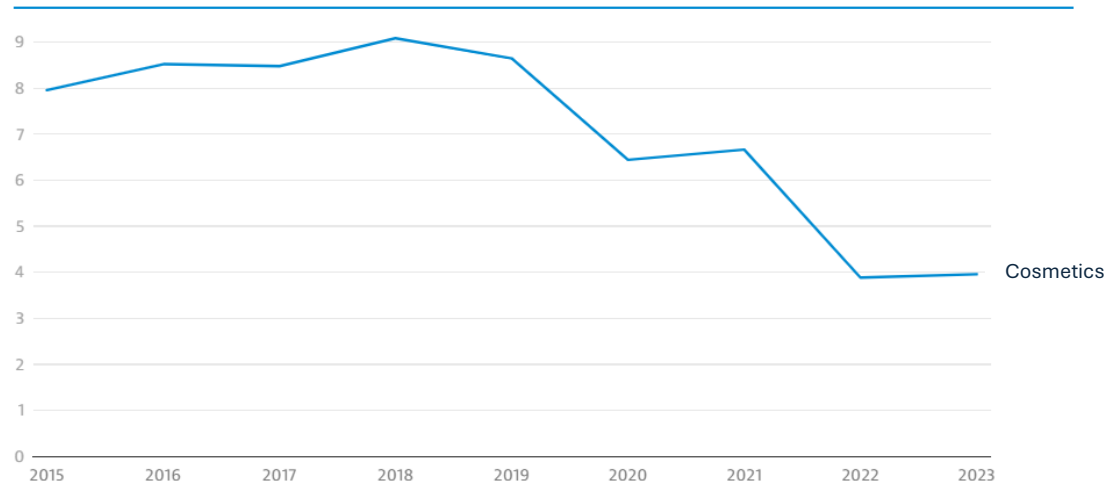
South Korea's industry imports are likely to fall slightly in 2025. The country is an important market for cosmetics: the production and export of "K-Beauty" products is becoming increasingly important.

According to Statista Markets Insights, the global cosmetics market is set to grow by 4 percent annually between 2025 and 2030. South Korean suppliers are also likely to benefit from the global increase in demand for K-Beauty products.

### South Korea is among the top markets for cosmetics

South Korea is one of the top markets for cosmetics worldwide. However, the market volume has been declining since the coronavirus pandemic. According to the Korea Health Industry Development Institute (KHIDI), it amounted to around 8 billion to 9 billion US dollars (US\$) in 2019. In the following years, the volume slumped significantly as a result of the coronavirus pandemic and then recovered to almost US\$ 4 billion in 2023 - an increase of 3 percent on the previous year based on the domestic currency.

### South Korea's cosmetics market volume collapses due to coronavirus \* (in billions of US dollars)



\* calculated as production minus exports plus imports according to the sector definition of the Korea Health Industry Development Institute. Source: Korea Health Industry Development Institute 2025

According to the Ministry of Food and Drug Safety (MFDS), the production of cosmetics amounted to USD 11.1 billion in 2023 - an increase of 5.6 percent. More than half of production is accounted for by facial care products. Other important segments are body wash, hair care products and color cosmetics. The production of detergents and cleaning agents in South Korea fell to around US\$ 2.8 billion in 2023.

### South Korea's production of cosmetics, detergents and cleaning agents uneven \* (in millions of US dollars; change compared to the previous year in percent)

Segment	2021	2022	2023	Change 2023 / 2022 -----	
Cosmetics	14.532	10.503	11.093		5,6%
Detergents and cleaning agents	2.941	2.958	2.846	-3,8%	
<b>Total</b>	<b>17.473</b>	<b>13.461</b>	<b>13.939</b>		<b>3,6%</b>

\* Conversion at the exchange rate of the Deutsche Bundesbank.

Source: Ministry of Food and Drug Safety (MFDS) 2024; Statistics Korea 2025

### Mobile shopping and live commerce as modern sales channels

Retail sales of cosmetics peaked at USD 30.5 billion in 2021. Based on the domestic currency, sales continued to increase in 2022. In 2024, retail sales of cosmetics fell to just under US\$ 25 billion. On a US\$ basis, the decline was 6.3 percent higher than in the domestic currency.

### Turnover of selected manufacturers of cosmetics, detergents and cleaning agents in South Korea (Total sales in millions of US dollars; change based on domestic currency in percent)

South Korean Companies      Foreign Manufacturers

 Bild vergrößern

Company	2022	2023	2024	Change	
LG H&H <sup>1</sup>	4.190	3.849	3.649		-0,2%
Amore Pacific <sup>2</sup>	3.195	2.809	2.842		5,7%
Aekyung Industrial	471,7	511,4	496,7		1,5%
Able C&C <sup>3</sup>	191,6	209,2	193,5		-3,3%
Pigeon Corporation	101,9	111,2	111,4		4,7%
Mukunghwa	34	37,3	33,8		-5,3%

<sup>1)</sup> Formerly LG Household & Health Care; only sales of cosmetics, detergents and cleaning agents;

<sup>2)</sup> abroad 35 percent of sales;

<sup>3)</sup> including exports, excluding production abroad;

<sup>4)</sup> Financial year July to June of the following year.

Source: Information from companies 2025; Financial Supervisory Service 2025; research by Germany Trade & Invest

In addition to traditional sales in drugstores, the importance of mobile shopping is increasing significantly: around 30 percent of retail sales of cosmetics were generated via smartphones in 2024. At the same time, significantly fewer orders are placed on PCs or laptops than in 2021. Live commerce is becoming increasingly popular, especially among younger consumers. Here, consumers can interact with the seller via chat and buy products immediately.

## Mobile shopping for cosmetics on the rise (Percentage of online retail sales of cosmetics)



Source: Statistics Korea 2025; calculations by Germany Trade & Invest

## Olive Young is the leading drugstore chain

Retailers specializing in cosmetics are Innisfree, Able C&C (especially Missha), The Face Shop, Nature Republic, Etude, Tonymoly and Skin Food. LG H&H (formerly LG Household & Health Care) took over The Face Shop in 2010 and merged with the company in 2020. Tourists and therefore duty-free stores are particularly relevant for the sale of cosmetics. Drugstores such as CJ Olive Young, which has more than 1,300 stores, LOHB's (Love, Health & Beauty Store) from Lotte and Lalavla from the large GS group are also of interest. The French cosmetics chain Sephora has been present in South Korea since 2019. It announced in March 2024 that it would be withdrawing from the South Korean market due to strong competition.

## Selected specialty retailers of cosmetics (sales in millions of US dollars; number of stores)

Retailer	2024	Change 2024 / 2023	Subsidiaries 2024
Able C&C (Missha etc.) <sup>1</sup>	193,1	-7,7%	k.A.
Domestic 2)	68,4	-8,2%	244
Innisfree	164,3	-21,5%	305
Tonymoly	129,5	12,1%	244
Nature Republic	83,4	-24,2%	k.A.
Domestic 2)	49,3	-29,0%	295
Etude	78,8	-7,1%	26
Skin Food	57,1	26,6%	11

<sup>1)</sup> including exports and sales abroad;

<sup>2)</sup> Domestic sales only.

Source: Information from the companies 2025; reports from the South Korean press

### Imports of cosmetics at a high level

In principle, the country exports significantly more than it imports. Since 2014, South Korea has been importing cosmetics, detergents and cleaning agents worth more than US\$ 2 billion annually. Imports peaked at US\$ 2.6 billion in 2022. In 2024, industry imports increased by 1.2 percent and reached their third-highest value to date at US\$ 2.5 billion. Imports of detergents and cleaning agents rose more strongly by 5 percent, while imports of cosmetics fell slightly.

Purchases of cosmetics, detergents and cleaning agents also grew by 1 percent in the first quarter of 2025. Despite the positive trend in the first three months, imports are likely to fall by 1 percent in 2025 as a whole.

### South Korea's imports of cosmetics and detergents

(in million US dollars; percentage change compared to the same period of the previous year\*)

SITC Product Group	2024	Change	Q1 2025	Change
553 Cosmetics	1.719	-0,4%	418	0,6%
from Germany	47	-13,0%	9	-25,3%
554 Washing agents and detergents	797	5,0%	192	1,9%
from Germany	55	-2,0%	15	36,4%
<b>Total</b>	<b>2.517</b>	<b>1,2%</b>	<b>610</b>	<b>1,0%</b>
<b>from Germany</b>	<b>102</b>	<b>-7,4%</b>	<b>24</b>	<b>3,0%</b>

\* Deviations due to rounding.

Source: Korea International Trade Association (KITA) 2025

### Cosmetics from the EU are popular

The EU is the most important source market. More than 43 percent of South Korean cosmetics imports came from here in 2024. In terms of individual countries, France (share of 29 percent), the USA (17.7 percent), Japan (7.7 percent) and Thailand (7.7 percent) supplied the most. Cosmetics worth just under US\$ 47 million were shipped from Germany to South Korea in 2024, which corresponded to a share of 2.7 percent and ranked 8th among importing countries.

Germany ranked fourth in 2024 with deliveries of detergents and cleaning agents to South Korea for US\$ 54.6 million. The import market share fell from 7.3 percent in the previous year to 6.8 percent. Henkel is the market leader in detergents with Persil. South Korea's largest supplier countries in 2024 were Japan (share of 25.7 percent), China (20 percent), which moved up to second place for the first time, and the USA (18.8 percent).

### South Korea back in 4th place for cosmetics exports

South Korea exports cosmetic products on a large scale and is therefore also an interesting market for preliminary products. Cosmetics deliveries rose by almost a fifth in 2024 and only just missed the US\$ 10 billion mark. The country is therefore likely to have moved up to fourth place in the global export ranking. Only France, the USA and Germany export more. Industry exports remained dynamic in the first quarter of 2025: if the trend continues, there could be a new export record of US\$ 10.6 billion for the year as a whole.

South Korea mainly supplies make-up and skin care products, which account for more than 85 percent of cosmetics exports. Most exports continued to go to China in 2024, although the share shrank to a quarter. In 2022, more than half of Korean cosmetics still went to China. At the same time, the USA and Japan have gained in importance as target markets: South Korea became the leading supplier of cosmetics to the USA for the first time in 2024, ahead of France.

### South Korea's exports of cosmetics and detergents

(in million US dollars; percentage change compared to the same period of the previous year)

SITC Product Group	2024	Change	Q1 2025	Change
553 Cosmetics	9.830	19,6%	2.509	13,3%
554 Washing agents and detergents	1.348	18,4%	339	9,5%
<b>Total</b>	<b>11.178</b>	<b>19,4%</b>	<b>2.849</b>	<b>12,8%</b>

Source: KITA 2025

Exports of laundry detergents and cleaning products shot up by 18.4 percent in 2024. Around 29 percent of exports went to China, followed by the USA (12.3 percent) and Japan (8 percent) as sales markets.

### Imports from the EU can be duty-free

Thanks to the EU-Korea Free Trade Agreement, industrial goods and therefore both cosmetics and cleaning products originating in the EU can be exported to South Korea duty-free. The regulatory authority for cosmetics is the Ministry of Food and Drug Safety (MFDS). Most cosmetics are approved by the Korea Pharmaceutical Traders Association, only functional cosmetics are approved directly by the MFDS.

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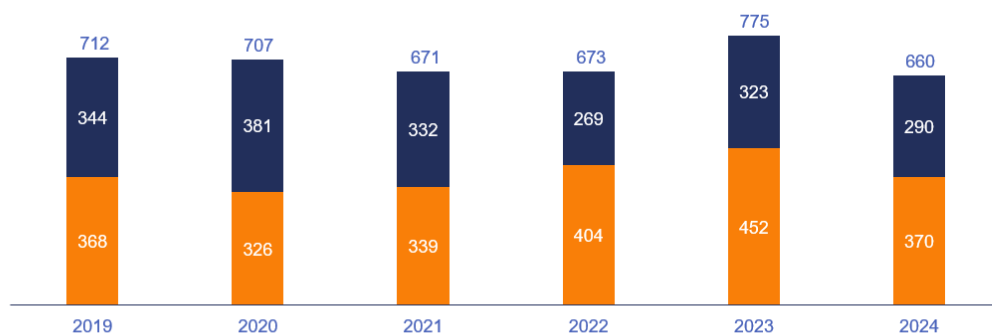
## GLOBAL EXPORTS

## Food Processing and Packaging Machinery to South Korea

In million euros

■ Food Processing Machinery
 ■ Packaging Machinery

2024/2023: -14.9 %



Source: National Statistical Offices, VDMA



Food Processing and Packaging Machinery

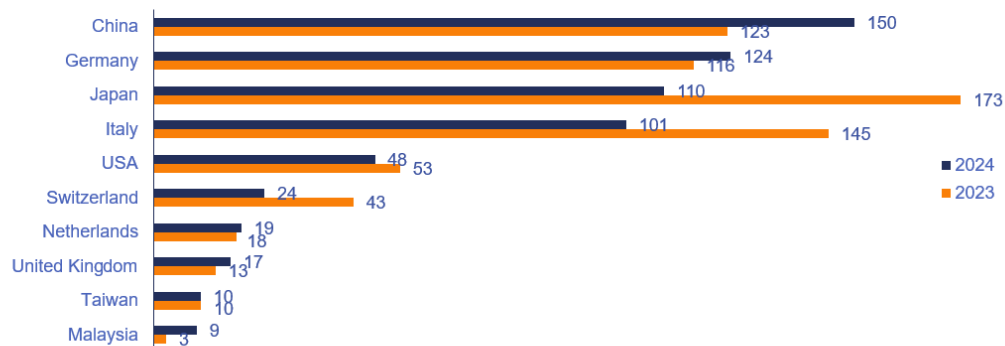
July 2025 2

## GLOBAL EXPORTS

## Food Processing and Packaging Machinery to South Korea - TOP 10 Supplier Countries

Export 2024: 660 million euros, -14.9 %

In million euros



Source: National Statistical Offices, VDMA



Food Processing and Packaging Machinery

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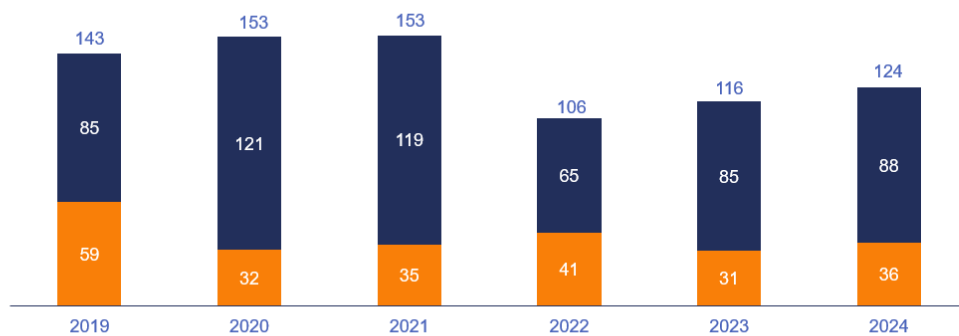
## GERMAN EXPORTS

## Food Processing and Packaging Machinery to South Korea

In million euros

■ Food Processing Machinery ■ Packaging Machinery

2024/2023: +6.8 %



Source: National Statistical Offices, VDMA



Food Processing and Packaging Machinery

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## GERMAN EXPORTS

## Food Processing and Packaging Machinery to South Korea

Exports 2024: 124 million euros, +6.8 %

in million euros



Source: National Statistical Offices, VDMA



Food Processing and Packaging Machinery

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