

Market brief Republic of Korea

Financial year 2022/23

Global exports to Korea

Rank #11 in the global dairy market (by volume).

Destination for more than 379,000 tonnes of dairy product, worth close to US\$1.6 billion (in 2022/23).

Exports have increased by 17% over the past five years (2018/19 – 2022/23).

The biggest volume growth (product categories exceeding US\$20 million) has been in:

- Milk (237%)
- Butter (169%)
- Butter Blend (94%)
- Ice cream (92%)

The biggest volume decline (products categories exceeding US\$20 million) has been in:

- SMP (-62%)
- Milk products (-18%)

Australian market share

Rank #4 in the share of the Republic of Korea's import volume.

Destination for almost 17,000 thousand tonnes of Australian dairy products, worth close to US\$80 million (in 2022/23).

Exports have decreased by 4% over the past five years (2018/19 – 2022/23).

The biggest volume growth (product categories exceeding US\$1 million) has been in:

- Milk (224%)
- Butter Blend (122%)
- Ice Cream (94%)

The biggest volume decline (product categories exceeding US\$1 Million) has been in:

- SMP (-84%)
- Whey Powder (-60%)
- Infant powder (-42%)

Tariff environment

The Korea Australia Free Trade Agreement (KAFTA) came into force on the twelfth of December 2014.

While duty-free quotas for some dairy products and the gradual reduction of tariff rates support exportation to Korea as part of the KAFTA, the United States (US), European Union (EU) and New Zealand also have their own trade agreements with Korea. The faster tariff-reduction schedules of these agreements have made for a highly competitive environment for Australian exporters. Duty-free quotas are scheduled to increase 3 per cent every year on January 1st.

Australian cheddar cheese will be duty free by 2026, butter by 2028 and mozzarella and cream cheese by 2031.

A summary of the duty-free quotas, in quota and out of quota tariffs for key products can be found in Table 2.

Figure 1 Dairy imports

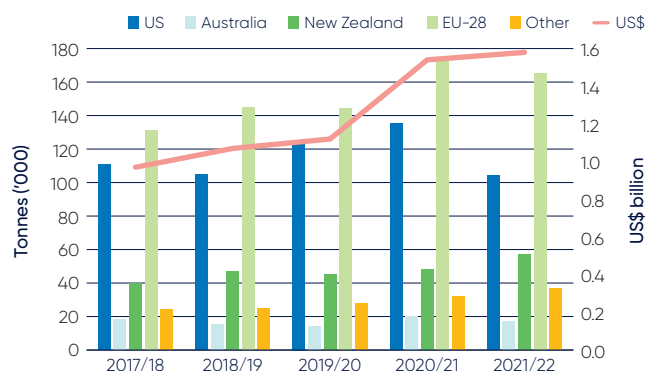


Figure 2 Top dairy exports to Korea by volume

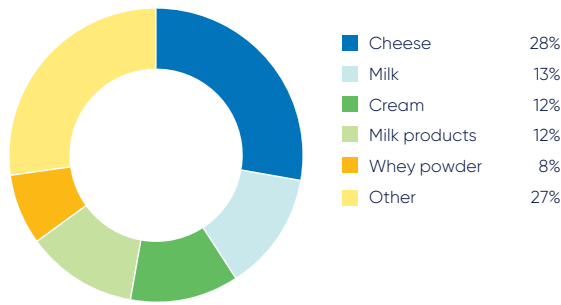


Figure 4 Top Australian dairy exports by volume

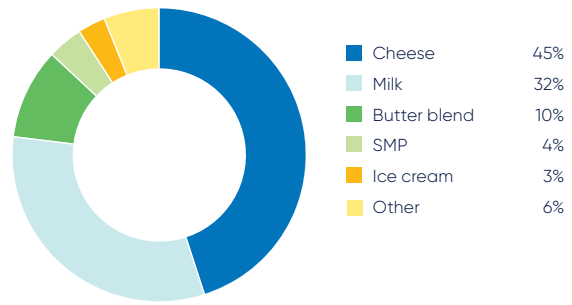


Figure 3 Top dairy exports to Korea by US\$ value

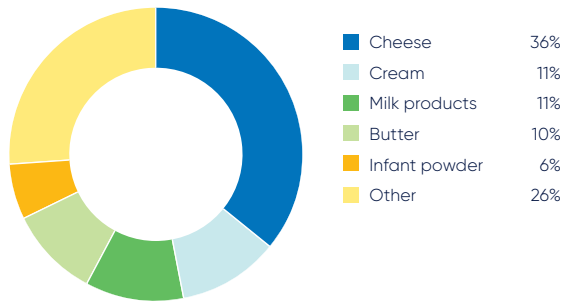


Figure 5 Top Australian dairy exports by US\$ value

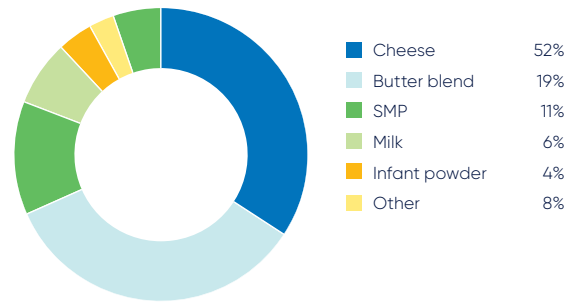


Table 1 Australia exports

Product group	Market share (US\$ %)		Volume ('000)		Value (million US\$)	
	2018/2019	2022/23	2018/2019	2022/23	2018/2019	2022/23
Butter blend	17.1	16.7	0.8	1.8	4.2	8.8
Cheese	6.4	4.6	8.8	7.7	36	41.2
Ice cream	1.5	3.9	0.2	0.5	0.8	2.8
Milk	21.4	20.9	1.6	5.3	3.6	15.0
SMP	12.3	7.4	4.2	0.7	9.2	3.0
Total imports	4.5	3.2	17.6	16.9	66.7	79.6

Table 2 Dairy tariffs

Tariff category	Product category	Quota (tonnes)	In quota	Out of quota (%)
0405.1	Butter and other fats and oils	135	Free	29.60
0406.1	Cheese except curd and blue vein	6041	Free	8.30-18.00
1901.1	Prepared milk/infant formula	613	Free	36.00

Applied tariffs are drawn from Integration Point. Where Australia does not have a specific tariff agreement in place, the applied rate for qualifying product is the MFN rate. Where a specific tariff agreement exists, the applied rate for qualifying product is as per that agreement. The countries with specific agreements in place are: China (ChAFTA), Indonesia (AANZFTA), Japan (JAEPA), The Republic of Korea (KAFTA), Malaysia (MAFTA), Philippines (AANZFTA), Singapore (SAFTA), Philippines (TAFTA), and the USA (AUSFTA).

Further information

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Acknowledgement

Dairy Australia acknowledges the funding contribution of the Commonwealth Government for eligible research and development activities.
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