

Korean food Industry entry and its perspective in India

The Emerging Opportunities and Cooperation of Korea India Food Industries

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1. India and Korea

Korean new southern policy India's Act East Policy

Korean 4th Strongest diplomaticities
Currently developing best
partner relationship

India (Modi's) National development aspiration
World's largest democracy with 800M
Voters 1.35 billion population (2000)

Success Story of Compressed Growth in Korea
Korea's manufacturing capability

**Korea India complementary position and
stronger partnership expected**



2. India, Rapid growth, tremendous growth and enormous opportunity

2.7trillion USD → 5 trillion USD
1.3billion, 3rd Consumption market(5years)

Soon to be world number one in population and no 1 man power(10years)

.55 billion upper middle class by 2025

Make in India : global manufacturing platform cultivation
Rapid growth industry, manufacturing 25%,100millionJobs

Automobile, defense, medical,
renewable energy, bio, electronics

Digital India digital economy 1 trillion US 2022

Skill India 400Mil skilled work force, Global workforce center

**Indian Government's Aggressive Food
Industry Development Policy**



3. Indian food industry Potential & Perspectives...

- Largest milk production in the world, and 2nd Largest Fruits and Vegetable production
- Essential agricultural products exporter to Middle East and South east Asian countries
- Indian agricultural industry have Received 41.8 Billion USD foreign investment during 2014 – 20

@ India, an agricultural powerhouse

Beans 1, Milk 1, Hemp1

Flour2, Rice2, Cotton2,

Sugar cane2, Fruits2, Coffee7



4. Indian food Industry Potential & Perspectives...

1) Import status of food (2019-2020)

| Rank | Item | Amount USD Billion |
|--------------|-------------|--------------------|
| 1 | Pulse | 1.47 |
| 2 | Fruits | .67 |
| 3 | Alcohol bev | .65 |
| Total | | 4.57 |

2) Export status of food (2019-2020)

| Rank | Item | Amount USD Billion |
|--------------|--------------|--------------------|
| 1 | Basmati rice | 4.33 |
| 2 | Rice | 2.0. |
| 3 | Buffalo Meat | 3.18 |
| Total | | 16 |



Source: APEDA

5. Indian food industry Potential & Perspectives...

Investment status of global food industry in India

Nestle India

- A Swiss multinational food manufacturing company
- Capacity of Number 1 company in profit (2014 on wards)
Not only in regular processed food but has various production line for baby food, medicinal food, pet food

Pepsico International

- American multinational food, beverages, snack manufacturer
- After entrance to Indian food industry in 1989, became the benchmark of global successful food manufacturing company.

| Category | Global food corporation in India |
|----------------|----------------------------------------------------------------------------------------|
| Processed food | Nestle India, Kellogg's, Godrej Hersheys, Cadbury India, Heinz India |
| Beverages | Coca Cola Ltd, Hindustan Unilever, Nestle, Pepsico International, PALS Breweries(Beer) |



6. The Indian food industry and the Indian government trial to develop

Weak competitiveness in the processed food industry

32% of Food industry, 121 Billion USD Market
Global industry leads in instant noodles and beverages
→ Nestle, Ferrero, Nissin Foods

Intensive fostering of food processing industry in manufacturing growth

42 mega food park, Abolition of foreign investment cap
Especially for sweets, snacks, and frozen desserts.

Food Market's characteristic and main issue

Increase in awareness in safety.

Empowered Fssai

Fssai Strict regulation role in inspection of distribution of Vegetarian and Non Vegetarian



7. Challenges and task of Korean industries for Indian food Market

Food culture difference vegetarians
(Veg Pop 38%)

Strict Veg/Non Veg distribution policy
Strict policy of displaying Veg/Non Veg and ingredients analysis labeling on the product
beef is banned for the import and distribution/sales
Fssai's strict management of inspection regulation
Lack of cold chain facility for distribution logistics
Challenge for food customs clearance /fssai permission
Price sensitive market



8. Overseas Expansion of Korean Food Companies

Major Exporting Countries: Japan, China, USA, ASEAN (Vietnam, Thailand, Indonesia), Russia, UAE, Australia, Singapore

1. Exports in the first half increased by 4.4% compared to the same period last year
2. Increase in exports to the US, New Southern, and China
 - Japan: 666 million dollars (3.9% decrease from the previous year)
 - U.S.: 588.8 million usd (36% increase over the same period last year)
3. Exceeding exports to China (\$522.1 million) Increased exports of ginseng products that strengthen immunity by more than 20%

New Southern (ASEAN + India): strong dairy products and noodles, 6.1% increase compared to the same period last year

(Source: Ministry of Food, Agriculture, Forestry and Livestock)



9. Overseas Expansion of Korean Food Companies

(Unit : Kt, 1Mil\$, Source: KATI)

| Countries | June, 2019 | | June, 2020 | | Monthly cumulative Vs. last year | |
|---------------|-------------|---------|-------------|---------|----------------------------------|----------|
| | Month Total | | Month Total | | Export | |
| | Export | | Export | | quantity % | Amount % |
| | quantity | Amount | quantity | Amount | | |
| Total | 2,338.6 | 4,724.2 | 2,294.6 | 4,701.9 | Δ1.9 | Δ0.5 |
| Japan | 440.3 | 1,046.5 | 397.3 | 963.4 | Δ9.8 | Δ7.9 |
| China | 463.9 | 788.0 | 375.7 | 745.2 | Δ19 | Δ5.4 |
| US | 173.4 | 560.8 | 210.9 | 709.8 | 21.6 | 26.6 |
| Vietnam | 237.2 | 322.4 | 256.2 | 297 | 8 | Δ7.9 |
| Thailand | 107.9 | 215.6 | 113.5 | 187.1 | 5.2 | Δ13.2 |
| Hong Kong | 103.8 | 212.7 | 97.3 | 211.3 | Δ6.3 | Δ0.6 |
| Taiwan | 82.1 | 171.9 | 68.4 | 176.2 | Δ16.6 | 2.5 |
| Arab Emirates | 19 | 117.1 | 14.9 | 119.4 | Δ21.6 | 2 |
| Indonesia | 57.7 | 102.9 | 125.7 | 102.4 | 117.9 | Δ0.5 |
| Russia | 65.1 | 101.9 | 39.9 | 80.2 | Δ38.6 | Δ21.3 |
| Australia | 24.6 | 77.4 | 27.8 | 87.3 | 13.1 | 12.9 |
| Singapore | 20.6 | 74.8 | 33.2 | 98.2 | 60.9 | 16.5 |
| Philippines | 38.6 | 70.3 | 52.7 | 96.3 | 36.6 | 37 |

10. Overseas Expansion of Korean Food Companies

Kimchi(44.3%) Spreading awareness of health food in the United States,

US exports increased 61.7% in the first half of this year.

Instant noodles(37.4%) Half Yearly export 302.1M USD

Chili Paste(27.3%), Rice processed products(20.8%)

* () Growth rate compared to last year

Best practice / Bibigo Dumpling (CJ)

- **Strategy for localization**
Replace pork with chicken, Chives to coriander
- **Appeal Korean style**
Americans are used to thick skinned Chinese style of dumpling
→ Innovate the taste using square dumpling skin
Differentiate by using thin skin with big dose of vegetables
- **Sales trend in the US**
2 musd(2018) → 3 musd(2019) → 6 musd(2020 Expected)
3 years since its launch in 2016, the No. 1 dumpling brand in the United States, as taking over Lingling Brand



11. Korean food companies' entry strategy into the Indian market

A business with a decade of effort which can sustain 100 years

**Indian Market with 1.3billion popular
6th In the world food market of 480 BUSD,**

The food processing industry is backward compared to the market size

→ Processed food market(32%→ ? %)
Field of high growth

Local traditional food distribution base 80%

→ proportion of modern distribution networks and growth potential are increasing in big way



12. Achievements of Korean companies entering the Indian food market / Export and distribution

| Year | Export | | Import | |
|------|--------|------------|--------|------------|
| | Amount | Increase % | Amount | Increase % |
| 2020 | 16 | 10.6 | 365 | 2.7 |
| 2019 | 19 | 1.8 | 465 | -1.1 |
| 2018 | 19 | 4.4 | 461 | 23.6 |
| 2017 | 18 | 10.7 | 373 | -14.3 |
| 2016 | 16 | 16.8 | 436 | -17.7 |

Item: MTI 0 (Agro products) Unit Mil USD Source: Korean trade association

❖ 2019 based major exporting products * : HSN Code

- 1) Racine salt and lysine ester salt (2922413000)
- 2) Propylene glycol (2905320000)
- 3) Instant Noodles (1902301010)

❖ 2019 based major importing products *:HSN Code

- 1) Rapeseed products (2306490000)
- 2) Sea Salt (2501001020)
- 3) Vegetable oil cake, Oil (2306909000)



13. Korean companies entering the Indian food market

Achievements/local investment by 2019

| Company | Annual asset amount | Characteristic |
|---------------------------------------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lotte India Co., Ltd | 124.1Billion KRW | <ul style="list-style-type: none"> • First company to enter 2004 • Launch Choco Pie for vegetarians • Market share of 90% of Choco pie market by 2019 |
| Havmor Icecream Limited | 54.74Billion KRW | <ul style="list-style-type: none"> • A ice cream manufacturing Company Lotte India Acquired in Nov 2017 |
| Orion Nutritional Private Ltd. | 10.57Billion KRW | <ul style="list-style-type: none"> • October 2018, incorporated Orion Nutritional Pvt. Ltd. |



Nongshim, CJ, Samyang foods have been exploring entry opportunity

14. Prospects for the Korean-Indian food industry/ cultural exchange

Korean wave, K-pop, Increasing cultural exchange & tourism

14 direct flights, Air India/ Sept'19

150,000 visitors exchange per year

→ Indians 25 million overseas visits per year 10 million inbounds

Developing a strategy/roadmap to expand Indian-Korean exchanges



15. Prospects for the Korean – Indian food industry / Korean community in India

India, twice bigger than Asean (Population & Economy)
India 10 times bigger than Vietnam (Population and Economy)
Korean Industries→ Less than 1/10 compared to Vietnam

10 Years projection of Indian economy 2.7 trillion USD
→ 7~8 Trillion Global 1st Group

15k Korean residence→ 100k | 700 Industries→ 5000 Korean companies

@ Indian Korean Community

India rush, the next of Vietnam rush in 10 years





Thank you

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