



**Market Opportunities for Pulp and Paper in South Korea**



**2007 State of Maine Trade Mission to South Korea, Oct. 27 – Nov. 4**



**Contents**

Economic Overview	1
Market for Pulp and Paper	2
Wood Pulp	3
Pulp Consumption	4
Paper & paperboard	5
Organization & Contacts	6
Trade Shows	6

**Economic Overview**

South Korea:

Gross Domestic Product (GDP) in US dollars:	\$897.4 billion (2006)
GDP per capita in US dollars:	\$24,500
Real GDP growth rate:	4.8%
Inflation:	2.2%
Unemployment:	3.3%

Over the past three decades South Korea has experienced dramatic economic growth. Per capita GNP, only \$100 in 1963, exceeded \$16,000 in 2005 and today, Korea is the eleventh largest economy in the world. South Korea’s shift towards a more market oriented economic model and financial reforms have helped the country rebound from recent financial instability and sustain growth in recent years. Korea is the United States’ seventh largest trading partner and the countries have recently negotiated a Free Trade Agreement.<sup>1</sup> The Free Trade Agreement (FTA) is the world’s third largest trade pact next to the EU and NAFTA. Once ratified, the FTA will eliminate more than ninety percent of the tariffs within the next three years. Exports to Korea have more than tripled between

<sup>1</sup> The CIA World Factbook

2001 and 2006. Korea's economy has shifted from a government directed investment model to a market-oriented one. Economic growth has moderated to about 4-5%. Overall Korea's economy has had moderate inflation, low unemployment, an export surplus, and an even distribution of income.<sup>2</sup> With a population of more than 48 million, a fully industrialized economy, and high personal income, its economy is expected to grow 4.5% to 5% annually over the next few years.

### South Korean Market for Maine Forestry Products

Since 1999, Korea has taken advantage of the rising market demand for wood pulp, paper and paperboard which has helped boost economic growth. South Korea's import market for paper products is typically focused on its purchases of raw materials or semi-processed paper inputs, which the domestic industry then uses to produce finished products.<sup>3</sup>

South Korea is Maine's second largest export market for wood pulp and ninth largest for paper and articles of paper. Maine's top export to Korea in 2006 wood pulp (pulp of wood etc; waste etc of paper & paperboard) at \$62.2 million, which is a 71 percent increase from 2005 exports. Paper and paperboard (including Paper pulp articles) is ranked as Maine's fourth largest export to Korea at nearly \$4.7 million. Both commodities are creating increased opportunities for Maine's exports to Korea.

**Table: Maine Exports to South Korea by Product**

Rank	Code	Description	ANNUAL 2004	ANNUAL 2005	ANNUAL 2006	%2004-2005	%2005-2006
		<b>TOTAL ALL COMMODITIES</b>	92,247,438.	86,948,458.	111,885,458.	-5.74	28.68
1	<a href="#">47</a>	<b>Pulp Of Wood Etc; Waste Etc Of Paper &amp; Paperboard</b>	39,509,090.	36,341,119.	<b>62,199,572.</b>	-8.02	71.15
2	<a href="#">38</a>	Miscellaneous Chemical Products	19,150,939.	29,246,097.	30,156,837.	52.71	3.11
3	<a href="#">85</a>	Electric Machinery Etc; Sound Equip; Tv Equip; Pts	17,319,495.	9,774,378.	6,615,155.	-43.56	-32.32
4	<a href="#">48</a>	<b>Paper &amp; Paperboard &amp; Articles (Inc Paper Pulp Artl)</b>	6,210,969.	4,322,084.	<b>4,669,182.</b>	-30.41	8.03
5	<a href="#">03</a>	Fish, Crustaceans & Aquatic Invertebrates	2,433,382.	4,204,349.	4,099,924.	72.78	-2.48
6	<a href="#">84</a>	Industrial Machinery, Including Computers	1,159,878.	571,759.	1,573,995.	-50.71	175.29

Source: WISERTrade: <http://www.wisertrade.org>, data from U.S. Census Bureau Foreign, Trade Division.

<sup>2</sup> The U.S. Department of Commerce's Country Commercial Guide 2007.

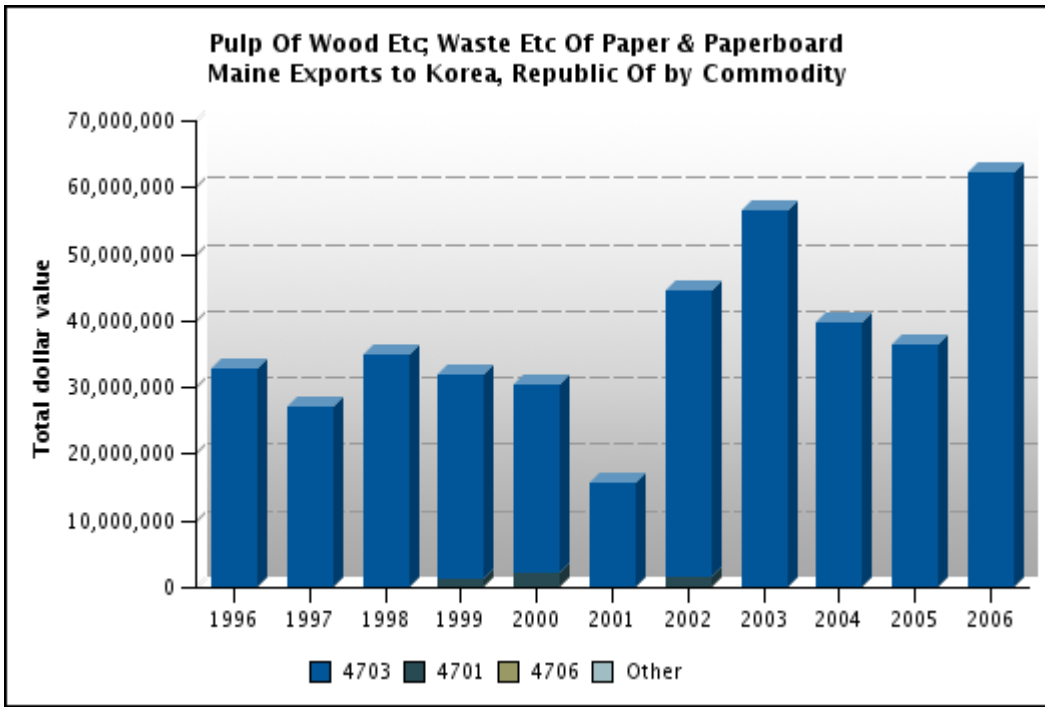
<sup>3</sup> The U.S. Department of Commerce's Commercial Guide, South Korea Paper Industry.

**WOOD PULP**

**Table: Maine Exports of Pulp of Wood to Korea**

Rank	Code	Description	ANNUAL 2004	ANNUAL 2005	ANNUAL 2006	%2004-2005	%2005-2006
<b>TOTAL SELECTED COMMODITIES</b>			39,509,090.	36,341,119.	62,199,572.	-8.02	71.15
1	<a href="#">4703</a>	CHEMICAL WOODPULP, SODA OR SULFATE, NOT DISSOLY GR	39,509,090.	36,341,119.	62,199,572.	-8.02	71.15
2	<a href="#">4701</a>	MECHANICAL WOODPULP	0.	0.	0.	0.nan	0.nan
3	<a href="#">4706</a>	PULPS OF FIBERS FROM RECOVERED PPR, OTH CELL MATL	0.	0.	0.	0.nan	0.nan

Source: WISERTrade: <http://www.wisertrade.org>, data from U.S. Census Bureau Foreign, Trade Division.



The bar graph above indicates the growth of Maine’s exports of wood pulp, particularly chemical wood pulp, soda or sulfate, (excluding dissolving grades) (HS 4703) to South Korea increasing by around \$30 million between 1996 and 2006. The demand for Maine’s wood pulp had a significant increase reaching \$62.2 million in 2006.

**Table: Maine's Exports of Pulp of Wood by Country**

Rank	Code	Description	ANNUAL 2004	ANNUAL 2005	ANNUAL 2006	%2004- 2005	%2005- 2006
<b>TOTAL ALL PARTNER COUNTRIES</b>			170,927,824.	201,359,947.	269,361,853.	17.80	33.77
1	<a href="#">CHN</a>	China (Mainland)	40,233,421.	27,517,062.	70,284,893.	-31.61	155.42
2	<a href="#">KOR</a>	Korea, Republic Of	<b>39,509,090.</b>	<b>36,341,119.</b>	<b>62,199,572.</b>	<b>-8.02</b>	<b>71.15</b>
3	<a href="#">JPN</a>	Japan	12,339,709.	14,971,794.	26,488,905.	21.33	76.93
4	<a href="#">FRA</a>	France	6,831,147.	14,070,993.	25,134,935.	105.98	78.63
5	<a href="#">CAN</a>	Canada	25,119,143.	50,300,750.	24,222,278.	100.25	-51.85

Source: WISERTrade: <http://www.wisertrade.org>, data from U.S. Census Bureau Foreign, Trade Division.

WiserTrade Statistics indicate that Korea is the second largest importer of Maine's wood pulp. The increase of wood pulp exported to Korea signifies the increase in demand. Due to Korea's limited land base, poor soils, and other restrictive factors, Korea is heavily dependent on imported raw materials in order to manufacture finished paper products. According to the U.S. Census Bureau of Foreign Trade Division, the U.S. and Canada are the main suppliers of pulp of wood to Korea.<sup>4</sup>

Importing Country: Rep. of Korea

Trade flow: Imports

Commodity: Pulp Of Wood Etc; Waste Etc Of Paper & Paperboard

HS Code: 47

Country of Origin: Total all Countries

Order: Desc

Rows selected: 7 (all rows)

User Name: metrade

Rank	Code	Description	ANNUAL 2004	ANNUAL 2005	ANNUAL 2006	%2004- 2005	%2005- 2006
<b>TOTAL SELECTED COMMODITIES</b>			1,507,361,696.	1,478,325,537.	1,548,749,334.	-1.93	4.76
1	<a href="#">4703</a>	CHEMICAL WOODPULP, SODA OR SULFATE, NOT DISSOLV GR	1,111,233,728.	1,128,373,651.	1,211,172,152.	1.54	7.34
2	<a href="#">4707</a>	WASTE AND SCRAP OF PAPER OR PAPERBOARD	269,989,214.	246,768,359.	215,398,940.	-8.60	-12.71
3	<a href="#">4705</a>	SEMICHEMICAL WOODPULP	95,435,402.	78,075,212.	98,215,365.	-18.19	25.80
4	<a href="#">4706</a>	PULPS OF FIBERS FROM RECOVERED PPR, OTH CELL MATL	7,632,889.	11,400,248.	11,315,306.	49.36	-0.75
5	<a href="#">4702</a>	CHEMICAL WOODPULP, DISSOLVING GRADES	11,494,367.	8,909,600.	10,132,996.	-22.49	13.73
6	<a href="#">4704</a>	CHEMICAL WOODPULP, SULFITE, NOT DISSOLVING GRADES	9,201,649.	3,928,215.	1,977,408.	-57.31	-49.66
7	<a href="#">4701</a>	MECHANICAL WOODPULP	2,374,447.	870,252.	537,167.	-63.35	-38.27

Korea imported a total of \$1.5 billion of wood pulp in 2006. A large volume of wood pulp imported to Korea is chemical wood pulp, soda or sulfate, other than dissolving grades (HS 4703) reaching \$1.2 billion in 2006 which made up over 78 percent of the total wood pulp import worldwide. Other types of wood pulp that are heavily imported to Korea include; waste and scrap paper or paperboard (HS 4707), semi-chemical wood pulp (HS 4705), and pulps of fibers derived from recovered (waste and scrap) paper or

<sup>4</sup> The U.S. Department of Commerce's Commercial Guide, South Korea Paper Industry.

paperboard or of other fibrous cellulosic material (HS 4706). There has been a steady increase in the overall sales of wood pulp, with the substantial growth of chemical wood pulp, soda or sulfate (HS 4703), as well as semi-chemical wood pulp (HS 4705) and chemical wood pulp of dissolving grades (HS 4702).

## **PAPER AND PAPERBOARD**

Korean imports of paper and paperboard are mainly from the U.S. Imports to Korea Maine's imports in 2006 were at \$4.7 million.

The top three paper and paperboard products exported from Maine to Korea are:

- HS 4810 Paper and paperboard, coated with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating.
- HS 4811 Paper, paperboard, cellulose wadding and webs of cellulose fibers, coated, impregnated, covered, surface-colored, surface-decorated or printed.
- HS 4823 Other paper, paperboard, cellulose wadding and webs of cellulose fibers, cut to size or shape; other articles of paper pulp, paper, paperboard, cellulose wadding or webs of cellulose fibers.

**Table: Maine Exports of Paper and Paperboard to Korea**

Rank	Code	Description	ANNUAL 2004	ANNUAL 2005	ANNUAL 2006	%2004- 2005	%2005- 2006
		<b>TOTAL SELECTED COMMODITIES</b>	6,210,969.	4,322,084.	4,669,182.	-30.41	8.03
1	<a href="#">4810</a>	PAPER & PAPERBOARD, COATED WITH KAOLIN ETC, RL ETC	5,439,277.	4,101,056.	4,132,002.	-24.60	0.75
2	<a href="#">4811</a>	PAPER, PAPERBOARD, WAD ETC, COAT ETC NESOI, RL ETC	691,195.	75,360.	490,609.	-89.10	551.02
3	<a href="#">4823</a>	PAPER, PAPERBOARD, CELLUL WAD TO SIZE & ARTS NESOI	4,500.	4,512.	33,535.	0.27	643.24

Source: WISERTrade: <http://www.wisertrade.org>, data from U.S. Census Bureau Foreign, Trade Division.

**Table: Maine Exports of Paper and Paperboard by Country**

Rank	Code	Description	ANNUAL 2004	ANNUAL 2005	ANNUAL 2006	%2004- 2005	%2005- 2006
		<b>TOTAL ALL PARTNER COUNTRIES</b>	266,678,313.	286,584,041.	306,332,724.	7.46	6.89
1	<a href="#">CAN</a>	Canada	119,889,032.	121,958,067.	134,007,630.	1.73	9.88
2	<a href="#">CHN</a>	China (Mainland)	34,656,055.	49,233,058.	50,113,205.	42.06	1.79
3	<a href="#">BEL</a>	Belgium	23,329,047.	21,607,299.	24,900,631.	-7.38	15.24
4	<a href="#">AUS</a>	Australia	15,984,687.	22,700,459.	21,061,839.	42.01	-7.22
5	<a href="#">JPN</a>	Japan	18,420,475.	15,053,341.	18,218,440.	-18.28	21.03
6	<a href="#">BRA</a>	Brazil	6,166,417.	4,177,782.	14,532,956.	-32.25	247.86
7	<a href="#">GBR</a>	United Kingdom	3,206,418.	4,283,421.	5,427,930.	33.59	26.72
8	<a href="#">MEX</a>	Mexico	6,459,512.	5,434,469.	4,719,729.	-15.87	-13.15
9	<a href="#">KOR</a>	<b>Korea, Republic Of</b>	<b>6,210,969.</b>	<b>4,322,084.</b>	<b>4,669,182.</b>	<b>-30.41</b>	<b>8.03</b>
10	<a href="#">DEU</a>	Germany	4,760,986.	7,595,990.	4,580,683.	59.55	-39.70

Source: WISERTrade: <http://www.wisertrade.org>, data from U.S. Census Bureau Foreign, Trade Division.

## **US Commercial Contacts in South Korea**

American Embassy in Seoul

U.S. Commercial Service

32, Sejong-ro, Jongno-gu

Seoul 110-710

**Phone:** 82-2-397-4535

**Fax:** 82-2-739-1628

**Email:** [Seoul.Office.Box@mail.doc.gov](mailto:Seoul.Office.Box@mail.doc.gov)

---

## **Trade Shows**

### **Korea Trade Fairs Paper Expo**

June 2008

COEX Korea Exhibition Center

159 Samsung-dong

Kangnam-gu

Seoul 135-731, South Korea

Korea Trade Fairs Ltd. [http://www.ktfairs.com/en\\_main.htm](http://www.ktfairs.com/en_main.htm)