

## Korea reports tangible outcomes for export growth through Agro-industrial Policy

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Amid the global economic slowdown and other challenging conditions, the policy of the Ministry of Agriculture, Food and Rural Affairs (MAFRA) to nurture the Korean agro-industry into a strategic industry for export growth has produced tangible outcomes.

Last year, the Korean agro-industrial sector recorded a 1.2% year-on-year growth in exports. In particular, the exports of smart farms and agricultural chemicals more than doubled from the previous year.

Smart farm exports saw a 115.9% year-on-year growth from \$137 million in 2022 to \$296 million in 2023, and the exports of agricultural chemicals increased by 103.2% from \$245 million in 2022 to \$499 million in 2023. Over the past year, the agriculture ministry focused on inter-ministerial cooperation, policy support expansion, communication with the agro-industry, inter-governmental cooperation, budget expansion, expansion of export vouchers, etc.

Since 2023, the MAFRA has been running a support system for public-private cooperation to nurture K-Food Plus into a strategic industry for export growth. K-Food Plus (K-Food+) means agri-food products combined with products from forward- and backward-linked agri-food industries (e.g. smart farms, agricultural equipment, animal feed including pet food, veterinary medicine, etc.).

Since having established the Agri-business Export Promotion Division in April 2023, the ministry has carried out a wide range of policies to strengthen the export competitiveness of the Korean agro-industry over the past year. Specifically, the ministry has made efforts to step up inter-ministerial cooperation, expand policy support, and more closely and frequently

communicate with people working in the industry. Importantly, in terms of the exports and construction orders of smart farms, the ministry focused on strengthening inter-governmental cooperation by dispatching the 3rd delegation of the Korea-Middle East Shuttle Economic Cooperation Group to Riyadh, Saudi Arabia, in connection with the summit diplomacy. This effort led to signing a "package deal" for smart farm construction.

To build on this success, the ministry is continuing its efforts to provide all-out support for Korean exporters in the agro-industry by increasing cooperation with other government ministries and strengthening policy support. Specifically, the ministry is focusing on two main areas for this year. The first is the expansion of the policy budget. The ministry has increased this year's budget for export promotion of the agro-industry by 33% from last year's and is thereby carrying out various, tailored support programmes for Korean exporters to expand their business in overseas markets. The second is closer inter-ministerial cooperation directed towards coordinating export policies. To this end, the ministry is working with other ministries, including the Ministry of Trade, Industry and Energy and the Ministry of SMEs and Startups, to develop collaborative projects and expand support for exporters working in the agro-industry.

A pilot smart greenhouse, which accounts for the largest share of the budget for export promotion of the agro-industry, will pave the way for exporting smart-farm equipment, materials, and services, in a package deal, to the countries where the greenhouse will be built. This year, a pilot smart greenhouse is scheduled to be completed in Australia and the construction of another will start in the Kingdom of Saudi Arabia.

The ministry will also select new additional countries in which to build a pilot smart greenhouse, and implement a new project to support a consortium of Korean smart-farm companies in their bids for package-deal contracts overseas. In addition, to open up new markets, the ministry will expand support for Korean exporters to participate in international fairs and open Korean booths. The ministry will also help increase the competitiveness of Korean exporters by providing support for obtaining foreign governments' approval and financing the conduction of a market test.