



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

Date: 6/12/2008

GAIN Report Number: KS8034

Korea, Republic of

Product Brief

Korea's Asparagus Market

2008

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Report Highlights:

Domestic demand for fresh asparagus in recent years has increased due to the growing demand for healthier foods. Local production is not expected to meet the yet untapped consumer demand, resulting in increased opportunities for imports. Annual imports of U.S. asparagus are expected to climb above their current level of 15-50 tons when the 27 percent import duty is eliminated upon implementation of the KORUS FTA.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Seoul [KS1]
[KS]

Production

In the late 1960's and 1970's, the government made a push to ramp up domestic asparagus production for export. In 1969, production hit its peak at roughly 135 tons, with area planted at more than 700 hectares. However, farmers quickly became disenchanted with growing asparagus given its limited yields before reaching full maturity and production subsequently fell to the point where the government no longer kept official production statistics.

However, in recent years production has experienced a relatively modest comeback as domestic demand for fresh asparagus has increased due to the growing demand for healthier foods. As evidence of this resurgence, last year 162 local growers collectively produced 50-60 tons of asparagus on 50 hectares, which is up from 15 hectares in 2005. The local growers' organization anticipates that production will reach 360 tons by 2010 and is undertaking efforts to increase consumer demand.

Asparagus is grown in climate-controlled green houses from Feb–Oct, with the harvest running from Apr-Jun.

Local Production & Cultivated Area		
Year	Cultivated Area (HA)	Production (MT)
1967	326.2	2
1968	712.9	17.3
1969	661.5	135.9
1970	113.6	48.3
1971	100	85.0
1972	-	-
1973	10	1
1974	90	-
1976	78	-
Official data is not available after 1976		

Source: Korea Agro-Fisheries Trade Corporation (aT)

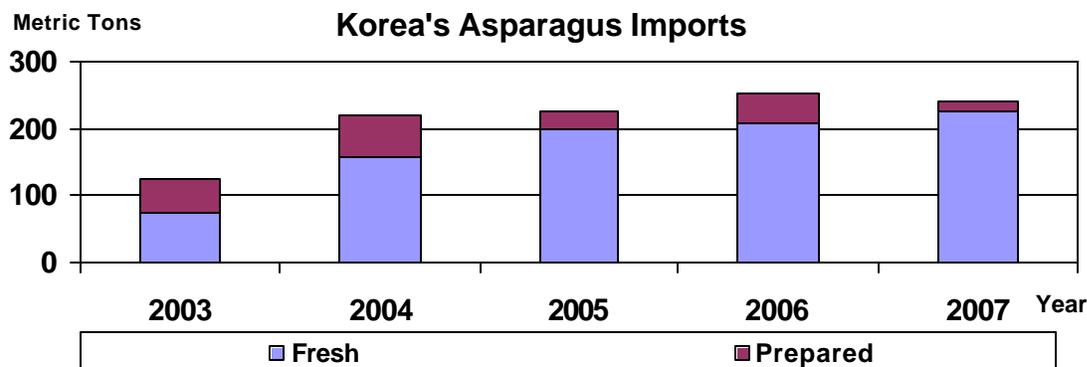
Market Situation

Korea's annual asparagus consumption is less than 300 tons, which is roughly 0.006 kilograms per capita. In contrast, Japan's per capita consumption is about 0.4 kilograms. Given the similar dietary patterns between the two countries, it would seem that there is untapped demand for increased asparagus consumption in Korea. Specifically, if domestic per capita demand was the same as Japan, annual consumption could reach 18,000 tons. Given the limited domestic production, imports would play an important role in meeting this projected demand.

Consumers prefer fresh green asparagus as evidenced in recent import trends. Imports of fresh asparagus have increased over the past several years as due to rising consumer awareness and interest in healthier foods. Strong HRI demand has also pushed imports upward.

Advantages	Disadvantages
Increased demand for healthy foods has led to rising asparagus consumption.	End users are unfamiliar on how to incorporate asparagus in meals.
U.S. asparagus will become more competitive under the KORUS FTA	Imported asparagus is mainly consumed in hotel restaurants.

Last year, Korea imported 240 tons of asparagus, of which 227 tons were fresh asparagus. In contrast, imports of prepared (canned) asparagus have declined during this same period. The Philippines is the main supplier of fresh asparagus, with smaller volumes from China, Thailand, Peru and United States. Foreign suppliers ship the asparagus via air freight.



Korean Imports of Fresh Asparagus (HS 0709.20.0000)										
	2003		2004		2005		2006		2007	
	1,000 USD	MT	1,000 USD	MT	1,000 USD	MT	1,000 USD	MT	1,000 USD	MT
Philippines	0	0	209	56	429	99	587	108	662	103
Australia	128	20	222	34	455	48	169	21	262	44
Thailand	0	0	8	1	13	4	99	22	154	30
Mexico	22	4	45	8	85	14	78	13	56	8
Peru	20	2	56	8	91	12	128	18	77	10
U.S.	216	40	188	34	103	17	96	16	124	20
Other	51	7	63	15	35	6	55	9	54	12
TOTAL	437	73	791	156	1211	200	1212	207	1389	227

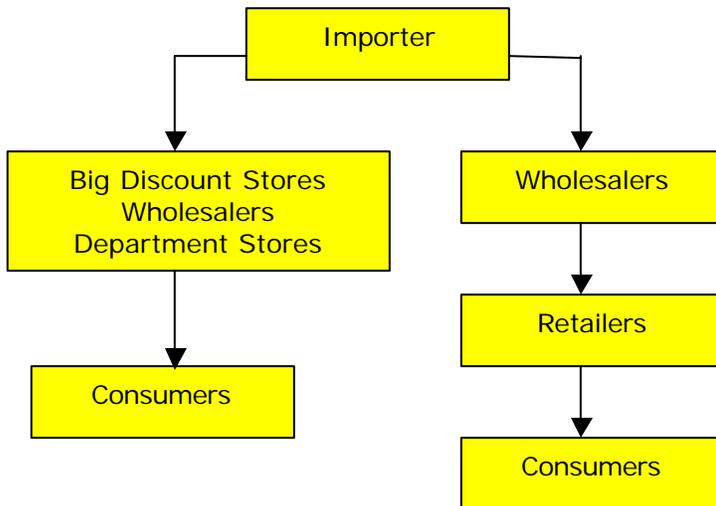
Source: Korea Trade Information Service (KOTIS)

Distribution and Consumption

Imports and local fresh asparagus are channeled to consumers through large discount stores and retailers as shown below. Most of fresh asparagus are distributed directly to the discount stores rather than through wholesalers. The asparagus growers' organization has embarked on a campaign to increase the size of the local market through the establishment of a joint distribution and marketing organization. Such an organization is expected to improve the sales of domestic asparagus.

HRI accounts for 70 percent of asparagus consumption, while the remainder is consumed at home. Restaurants and hotels generally serve asparagus as a side dish with red meat. Consumers dining at home also eat asparagus as a side dish, including salads and bacon wrapped asparagus.

The retail price of fresh asparagus is about KRW 7,000 per kilogram, while imported fresh asparagus is traded at KRW 9,000 – 10,000 per kilogram.



Source: Industry Contact

KORUS FTA

Korea is the 13th largest market for U.S. asparagus and the United States is the fifth largest supplier to Korea with an 8.5 percent average market share during 2005-2007. Annual imports of U.S. fresh asparagus range from 15–20 tons. Imports of U.S. asparagus are expected to climb as they become more price competitive after the elimination of the current 27 percent tariff when the KORUS FTA is implemented.

Product	Current Tariff	Phase-out (Years)	Average Yearly Imports from the U.S. 2004-06 (tons)	Average Yearly Imports from the World 2004-06 (tons)	U.S. Market Share 2004-06 by Volume (%)
Fresh Asparagus	27%	Immediate	22.3	188	11.8%
Prepared or Preserved Asparagus	20%	10	13	45	28.8%

Source: Korea Trade Information Service (KOTIS) & USDA Fact Sheet