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Korea, Republic of

Citrus

Semi-Annual

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Report Highlights: The MY 1999 crop, while abundant, has proven to be of lower quality. Quality California navel oranges are rolling in at a record pace, outside the MMA quota. Two more countries are approved, two others are in wait to compete with the U.S. for market share.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Fresh Citrus

In 1999, outdoor Unshu orange production exceeded Cheju officials designated optimum level and resulted in an excessive quantity of fruit moving into domestic marketing channels that severely depressed market prices. Exacerbating the situation was a crop of poor quality due to a wet fall which produced a large fruit with a low brix level. Administrative measures taken were ineffectual in sustaining market prices which settled below the 1997 average. In 1997 Cheju produced a record crop of 693,000 MT.

In 2000, total other citrus yield is forecast at 55,000 MT in line with the historic cyclical pattern of production. Greenhouse Unshu orange production is projected at 32,000 MT on 670 hectares, the same level as last year.

In 2000, the Cheju Citrus Grower's Agricultural Cooperative (CCGAC) initiated tenders for minimum market access (MMA) quota oranges starting in early January. Historically, CCGAC imported and marketed MMA oranges in late spring to avoid competing with the local citrus crop. This year CCGAC started importing oranges during the middle of local citrus season purportedly to generate revenue to help offset some of the losses resulting from sales of last year's imports. As of April 26, CCGAC has held four tenders and awarded contracts totaling 31,000 MT of navel oranges and 500 MT of mineloa, all to the U.S. suppliers. CCGAC is planning to complete MMA quota imports by the end of May/early June while oranges remain in high demand in the local market.

To date in 2000, out-of quota imports by private traders have exceeded the in-quota amount CCGAC has brought in under a more favorable lower MMA tariff. The tariff difference between quota and non-quota orange imports is less than 20 percent. Total import volume, inclusive of MMA quota and non-quota oranges, is projected at 70,000 MT, mostly California navels. California navels are in high demand for the following reasons: 1) best quality (higher Brix level, good appearance) since the market's liberalization in 1997, 2) reasonably priced, 3) poor quality of most local fruits including tangerines, apples, etc.

U.S. and Korean quarantine authorities are engaged in consultations over Korea's costly mandatory fumigation requirement, which importers fear shortens shelf-life of fresh fruits, and excessive quarantine restrictions on areas in California declared fruit fly free.

In 1999, Korea signed phytosanitary protocols with South Africa, followed by Israel, enabling both countries to enter the Korean fruit market. Last year, South Africa shipped a limited quantity of oranges to Korea while Israel marketed a grapefruit-type citrus named "sweetie." Consumer demand for the unfamiliar Israeli fruit was mixed. In 2000, Korea signed a phytosanitary protocol with Australia which would supply the Korean market during the U.S. navel oranges' off-season. Navel oranges from South Africa and Australia, however, would compete directly with California and Florida Valencia orange varieties and Korea's green-house citrus crop. Other countries, such as Spain and Chile, are seeking to establish protocols to export citrus to Korea.

For MY 1999, Korea set an export goal of 15,000 MT, inclusive of greenhouse production. Korea promotional efforts were undermined by the poor quality of its crop. Korea exported only 5,466 MT, including 377 MT to the U.S. Cheju initially projected tangerine exports of 5,000 MT to Japan but, because of the poor quality of its citrus crop, exported only 5 MT exports to Japan. For MY 2000, Korea has set an export goal of 15,500 MT, including 700 MT to the U.S.

FOJC Market Situation

Consumption of frozen orange juice is increasing in tandem with consumer confidence in the economic recovery. Domestic processors expect consumption of orange juice to increase through out the year 2000 but that it would probably not be until 2001 when the market finally exceeds the record established prior to the country's economic crisis. Although the market for fresh squeezed orange juice is still limited, consumer's preference for such juice is steadily increasing.

In 2000, construction of a new citrus processing complex having a capacity of more than 60,000 MT of citrus annually will be initiated under a joint venture agreement involving the CCGAC, National Agricultural Cooperative Federation and the Cheju provincial government. The complex will produce orange concentrate, juice, powder, liquor, chocolate, and vinegar made of citrus. Cheju is hoping that such a large scale processing facility will help stabilize citrus market prices and generate new market uses for local citrus production.

Juice exports have still not recovered to major markets since the onset of the Asian economic crisis. Weak economic conditions in many of Asian markets, including Russia which formerly was Korea's largest market, continue to restrict expansion efforts.

PS&D**Fresh Citrus**

PSD Table						
Country	Korea, Republic of					
Commodity	Fresh Citrus,Other				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Planted	25781	25781	25860	25860	25920	25900
Area Harvested	23036	23036	23107	23107	23888	23143
Bearing Trees	28359	28359	28884	28445	28510	28490
Non-Bearing Trees	10313	10313	9906	10344	10370	10360
TOTAL No. Of Trees	38672	38672	38790	38789	38880	38850
Production	655	655	508	516	650	650
Imports	1	1	1	1	2	2
TOTAL SUPPLY	656	656	509	517	652	652
Exports	4	4	8	7	12	9
Fresh Dom. Consumption	638	638	496	505	635	610
Processing	14	14	5	5	5	33
TOTAL DISTRIBUTION	656	656	509	517	652	652

FOJC

PSD Table						
Country	Korea, Republic of			65	Degrees Brix	
Commodity	Juice, Orange				(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Deliv. To Processors	0	14	0	5	0	5
Beginning Stocks	3062	3062	2304	2304	2102	2096
Production	1469	1469	534	534	533	3404
Imports	36937	36937	35000	34887	37000	41500
TOTAL SUPPLY	41468	41468	37838	37725	39635	47000
Exports	2830	2830	644	589	1000	800
Domestic Consumption	36334	36334	35092	35040	36433	43589
Ending Stocks	2304	2304	2102	2096	2202	2611
TOTAL DISTRIBUTION	41468	41468	37838	37725	39635	47000

Production

Korea: Citrus Production Situation 1/

Year	Area (HA)	Production (MT)	Farm Household	Gross Income (Mil.won)
1990	19,414	492,700	25,616	315,100
1991	19,605	556,350	25,818	425,134
1992	21,727	718,700	29,541	262,330
1993	21,479	619,000	26,571	394,829
1994	22,800	548,945	26,596	552,120
1995	24,150	614,770	26,589	433,447
1996	25,802	480,000	36,055	607,900
1997	25,781	693,200	36,050	400,862
1998	25,860	543,980	36,212	515,800
1999 2/	25,823	633,000	36,212	N/A
2000 3/	26,226	550,000	N/A	N/A

1/ Greenhouse production is included.

2/ Preliminary: provided by Cheju Provincial Government & Cheju Citrus Grower's Cooperative

3/ Preliminary: provided by Agricultural Forecast Center

Source: Cheju Provincial Government & Cheju Citrus Grower's Cooperative

Korea: Citrus Utilization

(Unit: Metric Tons)

Year	Total	Fresh	Processing	Other 1/
1994	548,945	460,620	30,727	57,598
1995	614,770	553,683	47,227	13,860
1996	480,000	438,000	12,000	30,000
1997	693,200	617,747	13,785	61,668
1998	543,980	512,586	5,012	26,382 1/
1999 2/	633,000	580,942	33,142	18,916 3/

1/ Other - composed of self consumption, loss and discarded citrus in Cheju

2/ Preliminary: provided by Cheju Provincial Government

3/ Other - including 10,925 MT purchase by Cheju Provincial Government

Korea: Citrus Growing Situation in Greenhouse

Year	Area (HA)	Production (MT)	Gross Income (Million Won)	Household	Price (Won/kg)
1990	25.5	1,277	3,908	114	3,060
1991	80.2	4,224	12,756	328	3,020
1992	164.4	5,364	16,467	643	3,070
1993	295.6	9,112	24,010	1,035	2,635
1994	376	13,220	39,858	1,278	3,015
1995	425	15,851	46,500	1,537	2,800
1996	497.7	23,093	74,659	1,601	3,233
1997	554.2	27,461	85,077	1,762	3,098
1998	637	28,922	66,776	2,094	2,309
1999	694 1/	31,600	N/A	2,130 1/	N/A
2000	690 1/	31,000 1/	N/A	N/A	N/A

1/ Preliminary

Source: Cheju Provincial Government

Korea: Purchasing Price of Processing Tangerine Orange

(Korean Won /kg)

Year	Price
1991	366
1992	250
1993	267
1994	220
1995	220
1996	220
1997	100

1998	100
1999	50

Source: Cheju Citrus Grower's Agricultural Cooperative

Korea: Per Capita Consumption of Total Fruits and Citrus

Year	Total Fruits	Citrus
1996	52.3 Kg	11.9 Kg
1997	57.9 Kg	14.9 Kg
1998	49.2 Kg	11.9 Kg
1999	55.7 Kg	13.8 Kg

Source: Ministry of Agriculture & Forestry

Korea: Monthly Orange Imports

(Unit: Metric Tons)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
'00	2389	13040										
'99	792	633	2076	2943	7269	3261	94	337	1044	426	115	11863
'98	179	2664	1367	12308	8739	4700	3349	737	1086	252	225	1052

Source: Korea Customs Service

Korea: CY 2000 Minimum Market Access (MMA) Bids as of April 27, 2000

Bids & Bid Date	Variety	Amount	Awarded
1. (Jan. 10, 2000)	Navel	10,000 MT	10,000-MT awarded to five companies.
2. (Feb. 25, 2000)	Navel	10,000 MT	10,000-MT awarded to four companies.
3. (Mar. 28, 2000)	Navel	5,000 MT	5,000-MT awarded to three companies. But the company awarded for 2,000 MT gave it up after the bid.
	Minneola Tangelos	500 MT	500-MT awarded to two companies.

4. (Apr. 11, 2000)	Navel	8,000 MT	8,000-MT awarded to six companies.
Total		33,500 MT	31,500 MT

Note: As of April 20, Cheju Citrus Grower's Agricultural Cooperative cleared 18,356 MT out of 31,000 MT of navels they awarded and 18,000 MT of out-of quota imports by traders were cleared customs.

Tariff

Korea liberalized fresh orange market on July 1, 1997. The followings are in-quota and out-of quota tariff applied to oranges and other citrus in accordance with the Uruguay Round Country Schedule.

Korea: Import Quota and Tariff for Fresh Orange

(Unit: Metric Tons, %)

Year	Quota	In-quota Tariff	Out-quota Tariff
1998	28,125	50	79.4
1999	31,641	50	74.5
2000	35,596	50	69.6
2001	40,046	50	64.7
2002	45,052	50	59.8
2003	50,684	50	54.9
2004	57,020	50	50

Korea: Import Quota and Tariff for Other Citrus 1/

(Unit: Metric Tons, %)

Year	Quota	In-quota Tariff	Out-quota Tariff
1998	1,537	50	153.6
1999	1,630	50	152
2000	1,723	50	150.4
2001	1,816	50	148.8
2002	1,909	50	147.2
2003	2,002	50	145.6
2004	2,097	50	144

1/ HS 0805.20.1000, HS 0805.20.9000, HS 0805.90.0000

Trade Matrix

Import Matrix for Oranges

Import Trade Matrix				
Country: Korea				
Commodity: Orange (HS 0805.10)			Unit: Metric Ton & U\$1,000	
Imports for	MY 1998/99		Oct. 1999 - Feb. 2000	
Country	Vol	Val	Vol	Val
U.S.	19,000	19,527	27,516	16,546
Others				
Thailand	4	21	0	0
Canada	73	38	0	0
South Africa	901	793	269	240
New Zealand	0	0	49	49
Total for Others	978	852	318	289
Grand Total	19,978	20,379	27,834	16,835

Source: Korea Customs Service

Import Matrix for Lemon

Import Trade Matrix				
Country: Korea				
Commodity: Lemon			Unit: Metric Ton & US\$1,000	
Imports for	MY 1998/99		Oct. 1999 - Feb. 2000	
Country	Vol	Val	Vol	Val
U.S.	2,585	3,217	1,215	1,802
Others				
New Zealand	114	141	11	12
Other	0	0	0	1
Total for Others	114	141	11	12
Grand Total	2,699	3,358	1,226	1,815

Source: Korea Customs Service

Import Matrix for Grapefruit

Import Trade Matrix				
Country: Korea				
Commodity: Grapefruit			Unit: Metric Ton & US\$1,000	
Imports for	MY 1998/99		Oct. 1999 - Feb. 2000	
Country	Vol	Val	Vol	Val
U.S.	2,197	1,787	690	602
Others				
Israel			107	102
Total for Others	0	0	107	102
Grand Total	2,197	1,787	797	704

Source: Korea Customs Service

Export Matrix for Korean Tangerine

Export Trade Matrix				
Country: Korea				
Commodity: Tangerine			Unit: Metic Ton & U\$1,000	
Exports for	MY 1998/99		Oct. 1999 - Feb. 2000	
Country	Vol	Val	Vol	Val
U.S.	31	29	377	298
Others				
Russia	19	7	70	32
Canada	4,166	2,854	4,751	3,359
Japan	2,341	4,076	41	116
Singapore	1	3	29	24
Hong Kong	17	23	76	47
Guam	37	78	17	45
Indonesia	0	0	54	24
Others	2	3	20	14
Total for Others	6,583	7,044	5,058	3,661
Grand Total	6,614	7,073	5,435	3,959

Source: Korea Customs Service

Import Matrix for FOJC

Import Trade Matrix				
Country: Korea				
Commodity: FOJC			Unit: Metric Ton & U\$1,000	
Imports for	MY 1998/99		Oct. 1999 - Feb. 2000	
Country	Vol	Val	Vol	Val
U.S.	9,846	15,795	2,957	4,924
Others				
Brazil	24,570	34,882	11,515	14,361
Australia	88	99	3	23
Israel	85	107	0	0
Japan	163	214	0	0
Swiss	17	232	9	113
Belgium	66	74	0	0
Belize	33	55	0	0
Spain	3	1	0	0
Netherlands	0	0	98	106
Other	16	30	0	1
Total for Others	25,041	35,694	11,625	14,604
Grand Total	34,887	51,489	14,582	19,528

Source: Korea Customs Service

Export Matrix for FOJC

Export Trade Matrix				
Country: Korea				
Commodity: FOJC			Unit: Metric Ton & U\$1,000	
Exports for	MY 1998/99		Oct. 1999 - Feb. 2000	
Country	Vol	Val	Vol	Val
U.S.	-	4	0	0
Others				
Russia	2	5	0	0
Taiwan	162	211	0	0
PRC	0	0	2	21
Australia	306	356	0	0
Japan	5	30	10	56
Banglad	14	8	12	8
Guam	3	4	16	20
Canada	0	0	47	122
Other	97	231	13	43
Total for Others	589	845	100	270
Grand Total	589	849	100	270

Source: Korea Customs Service

Korea: Monthly Average Foreign Exchange Rate

(Unit: Korean Won / 1US\$)

Month	1997	1998	1999	2000
January	849.88	1706.80	1176.94	1131.07
February	866.85	1623.06	1186.81	1128.80
March	879.41	1505.28	1229.16	1117.19
April	893.56	1391.97	1208.94	
May	892.05	1394.62	1197.00	
June	889.49	1397.18	1169.63	
July	890.50	1300.77	1186.04	
August	895.90	1303.22	1199.79	
September	909.53	1370.80	1196.97	
October	921.85	1336.72	1206.38	
November	1025.58	1294.13	1177.22	
December	1484.08	1213.65	1138.39	

Price Table**Korea: Average Tangerine Auction Price for 1999-2000**

(Unit: Korean Won per 1Kg)

Month	High Quality		Medium Quality	
	1999	2000	1999	2000
Jan.	1,735	812	1,351	552
Feb.	1,937	665	1,497	464
Mar.	1,760	N/A	1,279	N/A
Apr.	1,967	N/A	1,540	N/A
May - September: N/A				
Oct.	1,813	N/A	1,406	N/A
Nov.	1,059	N/A	796	N/A
Dec.	935	N/A	642	N/A

Source: Garak Wholesale Market

Korea: Average Greenhouse Tangerine Auction Price in Karak Wholesale Market for 1998-1999

(Unit: Korean Won per Kg)

Month	High Quality		Medium Quality	
	1998	1999	1998	1999
Mar.	N/A	3,673	N/A	3,000
Apr.	N/A	4,205	N/A	3,200
May	5,565	6,474	4,622	5,767
Jun.	3,975	4,335	3,304	3,577
Jul.	3,808	3,996	3,062	3,346
Aug.	3,752	3,662	2,900	2,962
Sep.	3,642	N/A	N/A	N/A
Oct.	3,283	N/A	N/A	N/A

Source: Garak Wholesale Market

Korea: Average Retail Price for Tangerine

(Unit: Korean Won per 10 Fruits, Approximately 100g per fruit)

Year Month	1998 1/	1999 2/	2000 2/	% Changes of 1999/00
Jan	1,465	2,141	1,201	- 44 %
Feb	1,521	2,535	1,183	- 53 %
Mar	1,858	2,432	1,170	- 52 %
Apr	2,280	2,442	N/A	N/A
May	2,617	N/A	N/A	N/A
June - September: N/A				
Oct	2,353	2,120	N/A	N/A
Nov	2,007	1,703	N/A	N/A
Dec	1,921	N/A	N/A	N/A

1/ Prices for high quality until the end of 1998

2/ Prices for medium quality in 1999 and 2000

Source: Agricultural & Fishery Marketing Corporation

Korea: Wholesale Price for Domestic & Imported Oranges

(Unit: Korean Won per 1kg)

Month	Imported Navel		Korean Orange	
	High	Medium	Navel (Medium)	Hanlabong 1/ (High)
Feb. 99	3,558	3,108	3,723	N/A
Mar. 99	3,693	3,265	3,536	N/A
Apr. 99	4,102	3,831	4,000	5,667
May. 99	4,306	4,056	N/A	5,420
Jun. 99	N/A	N/A	N/A	4,600
Dec. 99	1,995	1,806	2,801	N/A
Jan. 00	1,820	1,528	1,944	6,083
Feb. 00	1,672	1,351	1,583	5,318

1/ Of late varieties, similar to oranges

Source: Garak Wholesale Market

Korea: Average Imported Lemon Auction Price in Karak Wholesale Market for 1999-2000

(Unit: Korean Won per 18 Kg Box)

Month	High Quality		Medium Quality	
	1999	2000	1999	2000
Jan.	61,750	50,000	56,000	43,260
Feb.	38,000	45,432	28,500	35,886
Mar.	38,500	N/A	25,000	N/A
Apr.	42,708	N/A	34,438	N/A
May	37,500	N/A	32,370	N/A
Jun.	40,769	N/A	34,346	N/A
Jul.	51,154	N/A	43,923	N/A
Aug.	57,596	N/A	52,500	N/A
Sep.	58,043	N/A	52,500	N/A
Oct.	77,288	N/A	71,731	N/A
Nov.	66,320	N/A	56,440	N/A
Dec.	54,327	N/A	44,577	N/A

Source: Garak Wholesale Market

Korea: Average Imported Grapefruit Auction Price in Karak Wholesale Market for 1999-2000

(Unit: Korean Won per 18 Kg Box)

Month	High Quality	
	1999	2000
Jan.	36,750	35,460
Feb.	27,175	32,773
Mar.	27,654	N/A
Apr.	29,646	N/A
May	29,478	N/A
Jun.	28,423	N/A
Jul.	32,212	N/A
Aug.	31,615	N/A
Sep.	28,522	N/A
Oct.	22,385	N/A
Nov.	18,500	N/A
Dec.	33,058	N/A

Source: Garak Wholesale Market