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Korea, Republic of

Product Brief

The Fresh Fruits and Vegetables Market

2000

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Report Highlights:

The year 2000 has already proven to be a record year for U.S. fresh fruit exports to Korea, totaling \$58 million for the first six months, up from \$23 million in the same period in 1999. Oranges continue to be the largest U.S. fresh fruit export to the Korean market. The fresh vegetable import market is smaller, with imports totaling \$33 million in 1999. U.S. onions are in great demand in years of a local crop failure. This report also contains the "enterable list" for U.S. fresh fruits and vegetables.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Seoul ATO [KS2], KS

Korea Market Brief on Fresh Fruits and Vegetables

1. Market Prospects

Summary

The Korean government recently raised this year's GDP growth outlook to 8.5 percent from the previous target of 6 percent, and Korea's per capita income is expected to come back to \$10,000 this year from about \$8,580 in 1999. Foreign exchange reserves totaled a record \$90 billion as of the end of June, 2000.

Thanks to the strong and fast recovery of the Korean economy, fruit imports surged significantly to \$125 million (HS 0803-0810) during the first six months of 2000, up 42 percent from \$88 million during the same period of last year. Fruit imports from the United States also jumped sharply to \$58 million during January-June 2000, up 150 percent from \$23 million during the same period of 1999.

Korea is self-sufficient in almost all vegetables except for onions and garlic which are imported under the minimum market access quotas at much lower prices than local prices. Imports of fresh vegetables (HS 0701-0709) decreased to \$14 million during the first six months of 2000 from \$22 million during the same period of last year.

Advantages

- ! Increasing demand for U.S. fruits
- ! Good reputation for U.S. fruits
- ! Imported competition for U.S. citrus
- ! Reasonable prices of U.S. fruits

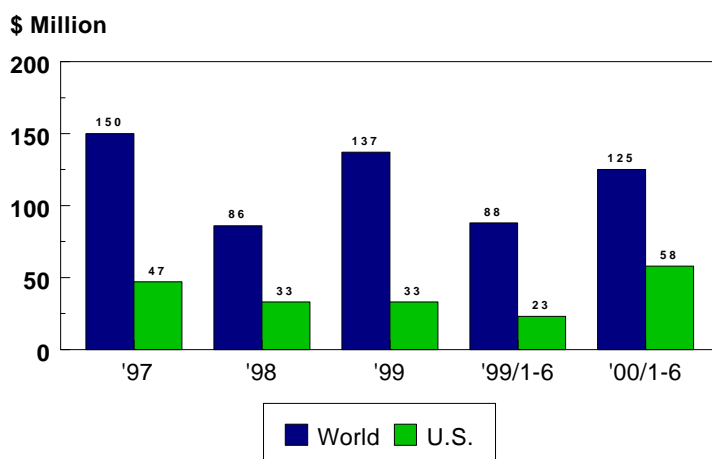
Challenges

- ! Fumigation requirements
- ! High tariffs

2. Market Opportunities and Threats

a. Fruits

**Fresh Fruits Imports from
World and U.S.A. (HS 0803-0810)**



Oranges accounted for 92% of total fruit imports from the United States during January - June 2000.

Orange imports of \$53 million from U.S. during the first six months of this year have already become a record high.

Total production of fruits in Korea amounted to about 2.2 million MT in 1998 (1999 data are not available) compared with 2.5 million MT in 1997. Major local fruits include: apples, table grapes, Asian pears, persimmons, tangerines, peaches and plums.

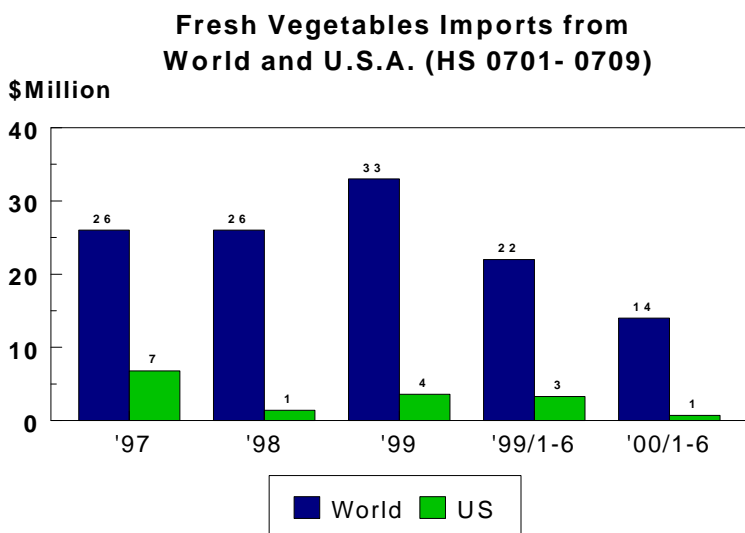
The major fruits imported into Korea are bananas, table grapes, oranges, pineapples, kiwi fruit, lemons, grapefruit and cherries. Apples are import prohibited from the United States due to phytosanitary reasons.

Imports of major fruits in 1999 are as follows:

Bananas: Total - \$73 Million; \$68 Mil. from Philippines and \$4.5 Mil. from Ecuador
 Table Grapes: Total - \$10 Million; \$9.5 Mil. from Chile
 Oranges: Total - \$27 Million; \$26 Mil. from U.S.
 Lemons: Total - \$3.7 Million; \$3.6 Mil. from U.S.
 Grape Fruit: Total - \$1.9 Million; \$1.9 Mil. from U.S.
 Pineapple: Total - \$10 Million; \$10 Mil. from Philippines
 Kiwi Fruit: Total - \$7.5 Million; \$6.5 Mil. from New Zealand and \$0.5 Mil. from U.S.
 Cherries: Total - \$720,000; \$600,000 from U.S. and \$120,000 from New Zealand

Substantial amounts of oranges, lemons, grapefruit and cherries are imported into Korea, almost exclusively from the U.S. Oranges have a tariff rate quota, which is increasing in volume every year. The 2000 quota for oranges is 38,000 MT at a 50 percent tariff. Imports above this quota will be assessed a 69.6 percent tariff. Cheju Citrus Growers Agriculture Cooperative (CCGAC) and Korea Tourist Supply Center (KTSC) can import fresh oranges under the quota at a 50 percent tariff, and general importers can import fresh oranges at a 69.6 percent tariff. The tariff out of the quota is scheduled to drop by 4.9 percent annually to a 50 percent tariff in the year 2004. Orange imports during January-June 2000 broke the record with \$53 million, up 165% from \$20 million during the same period of last year. Almost all orange are imported from the United States, though oranges from South Africa & Australia are expected to enter the market in the future. Opportunities for U.S. grapefruit appear very promising in the future.

b. Vegetables



The market for U.S. vegetables is currently very small. Onions are imported in large volumes from the U.S. in some years.

Korea is self-sufficient in

almost all vegetables. The market for imported fresh vegetables is still very small but there is potential. Supplies of local vegetables are often disrupted in summer months due to intermittent periods of dry weather, heavy rains and also in winter. A large number of fast food and family style restaurants have expanded recently in Korea which demand a wide variety of fresh vegetables.

Some importers would like to import fresh vegetables for the food service industry, but fumigation practices required on imported vegetables currently deter them from doing so. Local plant quarantine inspectors almost always “detect” some insects or bugs on imported vegetables, and order imported vegetables to be fumigated by methyl bromide. Once fresh vegetables are fumigated, they lose freshness. Once the fumigation issue is resolved, there will be a greater potential.

Some of the major fresh vegetables imported into Korea are garlic, onions, carrots, cabbages, mushroom, asparagus, lettuce, Chinese cabbage and chicory.

Imports of major vegetables in 1999 are as follows:

Onions: Total - \$4.3 Million; \$2.8 Million from U.S. and \$1.4 million from New Zealand
 Garlic: Total - \$6 Million; \$6 Million from China
 Carrots: Total - \$1.1 million; \$1.1. Million from China
 Cabbage: Total - \$600,000; \$544,000 from China
 Lettuce: Total - \$110,000; \$100,000 from U.S. and \$12,000 from Australia
 Chicory: Total - \$46,000; \$45,000 from U.S.

4. Current Entry Requirements for U.S. Fruits and Vegetables Exports to Korea

1. Enterable Restricted

Commodity	Entry Requirements	Comments
Artichoke	PC	
Asparagus	PC	
Avocado	PC (ff AD)	HI, TX prohibited
Banana	PC	Mature banana prohibited
Barley	PC	
Basil	PC	
Bean sprout	PC	Underground part prohibited
Broccoli	PC	

Brussels sprout	PC	
Carrot	PC	Dirt prohibited
Cauliflower	PC	
Celery	PC	
Cherry (Bing, Lambert, Van)	MB, PC	
Chinese cabbage	PC	
Chive	PC	
Cilantro	PC	
Coconut palm	PC	
Corn (seed)	PC	
Endive	PC	
Garlic	PC	
Gingko	PC	Fruit pulp removed
Grape	PC (ff AD)	HI, TX prohibited
Grapefruit	PC(ff AD)	HI, TX prohibited
Hazelnut	PC	Fruit pulp removed
Kiwi	PC (ff AD)	HI prohibited
Leek	PC	Underground part prohibited
Lemon	PC (ff AD)	HI, TX prohibited
Lemon grass	PC	Underground part prohibited
Lettuce	PC	
Lime	PC (ff AD)	HI, TX prohibited
Melon	PC (ff AD)	HI prohibited
Mint	PC	
Mushroom	PC	
Mustard green	PC	
Onion	PC	
Orange	PC (ff AD) Mandatory fumigation	HI, TX prohibited

Oregano	PC	
Parsley	PC	
Pecan	PC	
Peanut (shelled)	PC	
Persimmon	PC (ff AD)	HI, TX prohibited
Pineapple	PC	Underground part prohibited
Pistachio	PC	Fruit pulp removed
Potato	PC	AZ, CA, CO, DE, KS, MD, MT, NB, ND, NM, NV, NY, OK, PA, SD, UT, WV, WY prohibited
Radicchio	PC	Underground part prohibited
Rhubarb	PC	Underground part prohibited
Rice (hulled)	PC	
Rosemary	PC	
Shallot	PC	Underground part prohibited
Soybean oilseed cake	EC	
Soybean pelletized hulls	EC	
Soybean seeds	PC	
Spinach	PC	
Tarragon	PC	
Turnip	PC	
Walnut (shelled)	MB, PC	
Watercress	PC	
Wheat	PC	

Commodities Not Listed - Commodities not listed should be considered prohibited, or else the requirements are not known or have not been established. For more specific information, APHIS

office in Seoul or National Plant Quarantine Service (NPQS) of Korea should be consulted.

PC - Phytosanitary Certificate (PPQ Form 577)

ff AD - Following Additional Declaration must be entered on the PC:
“This shipment was produced and packed in an area outside of the quarantine regulated area for fruit flies (Medfly, Oriental fruit fly, Mexican fruit fly, etc.)”

AZ, CA, CO, - Arizona, California, Colorado,
DE, KS, MD, - Delaware, Kansas, Maryland,
MT, NB, ND, - Montana, Nebraska, North Dakota,
NM, NV, NY, - New Mexico, Nevada, New York,
OK, PA, SD, - Oklahoma, Pennsylvania, South Dakota,
UT, WV, WY - Utah, West Virginia, Wyoming

HI, TX - Hawaii, Texas

MB - Methyl bromide treatment

EC - Export Certificate for Processed Plant Products (PPQ Form 578)

2. Enterable Unrestricted

Bamboo

End of Report

Market Briefs are researched and produced by the Agricultural Trade Office in Seoul, Korea. Market Briefs are meant to provide exporters with key information on products the ATO has identified as having excellent potential in the Korean market.

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