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## Korea, Republic of

### Agricultural Situation

### Korean Fresh Potato Update

### 2007

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**Report Highlights:** In 2003 and 2004, record potato prices encouraged many Korean farmers to switch to potato production. As rising potato production outpaced demand prices retreated, but remained above 2,000 won per kilogram. In response, fewer potatoes were planted in 2006 and production is expected to fall by 23 percent to 689,400 tons. The production forecast for 2007 is expected to remain fairly stable between 650,000 - 700,000 tons. The 2007 fresh potato TRQ is expected to remain unchanged from the previous year.

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

## Fresh Potato Production

In 2003, the average annual retail price for fresh potatoes reached a record of more than 2,000 won per kilogram. Another record was set in 2004 when prices climbed to 2,700 won per kilogram. Due to the strong prices many farmers previously growing cabbage, radishes, broccoli and Chinese cabbage switched to potato farming. With more farmers growing potatoes, production grew considerably and reached a record of 894,000 tons in 2005. However, the growth in production eventually outpaced consumer demand leading to an oversupply of potatoes, which eventually pushed retail prices downward.

Farmers responded to these changing market conditions by planting fewer potatoes in 2006. The most recent 2006 production estimate shows production falling by 23 percent to 689,400 tons. The Korea Rural Economic Research Institute (KREI) estimates 2007 production will remain fairly stable somewhere between 650,000 – 700,000 tons.

Table 1. Fresh Potato Production and Supply (Unit: hectare & tons)

Year	Cultivated Area (ha)	Production (tons)	Fresh Potatoes Import (tons)	Total Supply (tons)
1996	32,040	731,027	667	731,694
1997	25,489	637,621	4,869	642,490
1998	23,252	561,985	5,441	567,426
1999	27,657	678,305	15,876	694,181
2000	29,415	704,623	9,359	713,982
2001	24,691	603,627	8,051	611,678
2002	24,673	666,173	11,133	677,306
2003	20,219	498,401	18,104	516,505
2004	25,141	642,597	25,885	668,482
2005	32,728	894,215	18,378	912,593
2006	27,025	689,400	15,748 1/	705,148

Source: Ministry of Agriculture & Forestry (MAF), Korea Trade Information Services (KOTIS)  
1/ Import data for Jan–Nov 2006

Table 2. Fresh Potato Price & Import Price (Unit: Korean Won, US Dollar)

Year	Retail Price (KRW) Per Kg 1/	Wholesale Price (KRW) 1/	Import Price (US\$) 2/	Exchange Rate (KRW/US\$)
1996	1,446	792	0.59	804.78
1997	1,292	698	0.53	951.11
1998	1,735	1,037	0.44	1,398.88
1999	1,856	1,010	0.32	1,189.14
2000	1,301	583	0.39	1,130.36
2001	1,021	696	0.34	1,290.79
2002	1,375	725	0.34	1,251.62
2003	2,038	1,072	0.40	1,191.68
2004	2,707	1,441	0.47	1,146.19
2005	2,053	836	0.46	1,024.24
2006	2,229	872	0.47	958.03

Source: Korea Agro-Fisheries Trade Corporation (aT), Korea Trade Information Services (KOTIS)  
1/ Price for 1<sup>st</sup> Grade Sumi variety  
2/ Imported Price in CIF

### Local Potato Cropping Pattern

Korea's potato-cropping pattern is well developed and provides fresh potatoes throughout the year. In 2005, spring potatoes, highland potatoes and autumn potatoes accounted for 61 percent, 13 percent and 25 percent of production, respectively.

Table 3. Fresh Potato Cropping System

Cropping System	MONTH											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Spring		Seeding			Harvest & Shipment							
Highland				Seeding			Harvest & Shipment					
Autumn							Seeding				Harvest & Shipment	

Source: Rural Development Administration (RDA), Korea Rural Economic Research Institute (KREI)

### Major Potato Varieties in Production

The Sumi (Superior) potato is the most popular variety accounting for 70 percent of annual production. This variety is primarily used for spring and summer potato production. The Sumi potato variety originated in the United States and was introduced in Korea in the 1970's. The Sumi variety is high in starch and is mainly used as table-stock.

The Daeji (Daejima) is the second most popular variety accounting for nearly 19 percent of annual potato production. This variety is predominantly used for autumn potato production in the southern parts of Korea. The Daeji variety originated from Japan and is generally consumed at restaurants as a side dish.

The Daeseo (Atlantic) variety is used mainly for potato chip processing and only accounts for about 5 percent of annual potato production. Potato farmers only raise this particular variety if they have a contract with a potato chip manufacturer.

Table 4. Major Variety of Fresh Potatoes

Variety	Rate	Maturity	Use
Superior	71.0 %	Medium	Table stock
Dejima	18.5 %	Late	Table stock
Atlantic	5.1 %	Medium	Chip stock
Other	5.4 %	Medium & Late	Table stock

Source: National Institute of Highland Agriculture (NIHA) / Rural Development Administration (RDA)

### Fresh Potato Consumption Trends

In 2005, the Agro-Fishery Trade Corporation (aT) conducted a consumer survey where consumers were asked what factors influence their decision when buying fresh potatoes. Over one-third of the surveyed consumers indicated that quality was the most important factor. Consumers are also very conscientious about the origin and freshness of their produce. Fresh potatoes consumed at home are usually served as a side dish or ingredient in the main dish, and are also sometimes served as a snack. Home menus using fresh potatoes are still limited compared to that available at some restaurants.

## Imported Fresh Potatoes

When domestic supplies of chipping potatoes run low between January and April, Korean potato chip manufacturers turn to imports from Australia and the United States. In 2006 (Jan-Nov), Korea imported \$7.5 million (15,748 MT) of fresh potatoes from Australia and the United States, the only two suppliers of fresh potatoes to the Korean market. While the U.S. market share in volume terms averaged 35 percent between 2003-2005, in 2006 (Jan-Nov) the U.S. share has dropped to 10 percent.

Table 5. Fresh Potato Imports By Country (Unit: MT & % Market Share)

	CY 2003	CY 2004	CY 2005	CY 2006 1/
Australia	11,702 (65%)	16,133 (62%)	12,620 (69%)	14,201 (90%)
U.S.A.	6,402 (35%)	9,752 (38%)	5,758 (31%)	1,547 (10%)
Total	18,104	25,885	18,378	15,748

Source: Korea Customs Service (KCS)

1/ Jan–Nov 2006

Imports of fresh potatoes are subject to a tariff rate quota (TRQ), which is revised annually based on the domestic market situation. In-quota imports face a 30 percent tariff and those out-of-quota are subject to a trade prohibitive duty of 304 percent. Out-of-quota imports have yet to occur. The Ministry of Finance and Economy (MOFE) sets the quota, while the Korea Agro-Fishery Trade Corporation (aT), a quasi-governmental organization, administers the import allocations. When issuing allocations, aT gives preference to chipping potato importers and allocates the TRQ on a first-come first-serve basis.

The TRQ is only adjusted if there is a shortage in the domestic table-stock potato supply as there was in 2004. The 2007 TRQ is expected to remain unchanged from the previous year.

Table 6. TRQ For Fresh Potatoes

Korea's TRQ For Fresh Potatoes (Unit: MT)					
	CY 2002	CY 2003	CY 2004	CY 2005	CY 2006 (Jan-Nov)
TRQ	17,138	17,974	18,810	18,810	18,810
Seed Potatoes	172	-	-	-	-
Chipping Potatoes	10,611	14,404	17,985	18,378	15,748
Table Potatoes	350	3,700	7,900	-	-
Total Import Qty.	11,133	18,104 1/	25,885 2/	18,378	15,748

1/ 30 MT brought forward from previous year.

2/ Ministry of Finance and Economy (MOFE) increased TRQ by 7,300 MT.

Source: Korea Customs Services (KCS) & Agricultural Fishery Marketing Corporation (AFMC)

### Inspection & Quarantine for Imports of U.S. Potatoes

Korea accepts imports of table stock and seed potatoes from the following States: Alabama, Alaska, Arkansas, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Iowa, Illinois, Indiana, Kentucky, Louisiana, Massachusetts, Maine, Michigan, Missouri, Minnesota, Mississippi, North Carolina, New Hampshire, New Jersey, Ohio, Oregon, Puerto Rico, Rhode Island, South Carolina, Tennessee, Texas, Virginia, Vermont, Washington, Wisconsin. Of these eligible states, Washington and Oregon account for the majority of imports of U.S. potatoes.

Imports are prohibited from the State of Idaho due to the detection of *Globodera pallida* (potato cyst nematode), and are prohibited from all other U.S. States not listed above due to the perceived risk of *Synchytrium endobioticum*, *Globodera rostochiensis*, Potato yellow dwarf virus, and Potato spindle tuber viroid. These pest(s) may exist in the State or, information demonstrating the absence of the pest(s) in the State has yet to be provided to the Korean authorities for evaluation.