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Korea, Republic of

Product Brief

Avocado Market Brief

2007

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Report Highlights:

Korea was the second largest export market for U.S. avocados in CY 2005. Korea is expected to increase avocado imports as local importers and the Korean food industry make additional inroads in introducing avocados to Korean consumers. Entry of Mexican avocados into Korea in 2006 could represent new competition for U.S. suppliers. Initialization of U.S. avocado marketing efforts in Korea could help maintain U.S. share in the growing market.

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

SECTION I. MARKET OVERVIEW

Korea's imports of U.S. fresh avocados increased from 28 metric tons in 2000 to 283 metric tons in 2005. The United States has been the dominant supplier of fresh avocados in Korea supplying over 78 percent of total imports in CY 2005. Fresh avocado imports from all origins grew from \$247,000 in 2000 to \$1.7 million in 2005. In 2005, Korea imported \$1.2 million of fresh avocados from the United States, and \$442,000 from New Zealand. Korean imports of U.S. fresh avocados are expected to increase in 2006 and 2007.

Table 1. Total Korean Imports of Fresh Avocado

(Units = US 1,000\$, Kg)

	2002		2003		2004		2005		2006(Jan-Jun)	
	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume
U. S. A	285	62,820	471	92,490	659	132,799	1,219	283,380	899	261,211
New Zealand	212	54,674	359	71,749	403	78,906	442	102,148	6	1,747
Others	-	-	5	880	4	803	-	-	-	-
Total	497	117,494	834	165,164	1,066	212,508	1,661	385,528	906	262,958

(Source: Korea International Trade Association)

Processed avocado products such as guacamole and half cut seedless frozen avocados are imported separately. No avocado processing is being done locally. There is no specific HS code for processed avocados in Korea. According to avocado industry sources, the total import value of processed avocados exceeds the total value of fresh avocados and also show signs of more growth potential than fresh avocados.

The avocado market size in Korea is still small, but is rapidly expanding due to several factors. The health food trend is strong in Korea and avocado is positioned well to take advantage of the trend. Dining out is also popular. Fast food and family style restaurants have been increasingly including avocado or guacamole in their recipes.

Korea has no domestic avocado production. The United States and New Zealand exported fresh avocados to Korea in CY 2005.

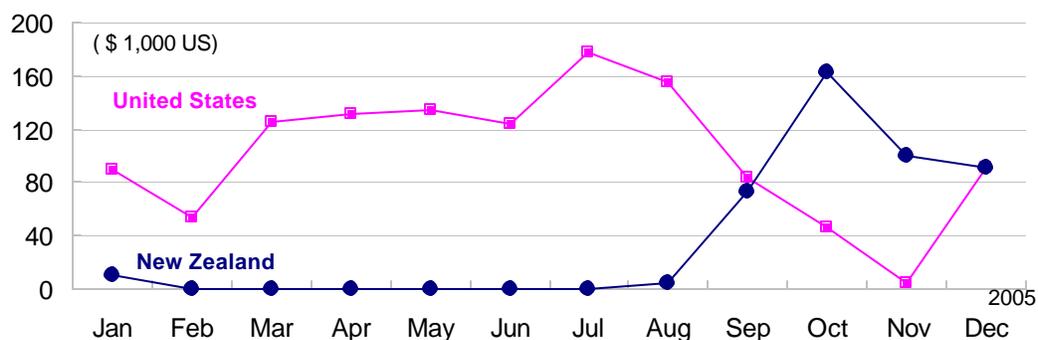
Chart 1. Imports by Origins on Monthly Basis (2005)

Table 2. Advantages and Disadvantages Facing U.S. Exporters

Advantages	Challenges
Korea has no domestic avocado production to meet growing demand.	No activities to promote U.S. avocados are being conducted in Korea.
Consumers are interested in purchasing fresh produce perceived as beneficial to their health.	Local chefs lack avocado recipes tailored for Korea
Korea has no domestic produce substitutes for avocados	Consumers need to be familiarized with the flavor of avocado.
U.S. avocados have dominated the market to date.	The tariff on fresh avocados (HS0804.40) is 30 percent. A 45 percent tariff applies to processed avocados (HS2008.99.9000). A 18.8 and 29 percent tariff applies to Chilean fresh and processed avocados respectively, and both of them go to zero in 2011

SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

Avocados have good potential to capitalize on Korean consumer trends. Demand already exists among young Koreans. Currently, avocados are mainly used in family restaurants or fast food chain stores, such as *TGI Friday*, *Sizzler*, etc, for serving with a California roll, guacamole, curry food, and salad.

Consumers are likely to buy fresh avocados for home use, after they have experienced the new taste of avocado at restaurants. Some consumers are likely to use fresh avocados for the purpose of beauty treatment such as face cream, shampoo, etc.

There is a need to develop Korean style avocado recipes to build on the market opportunity in Korea.

In the case of the Japanese avocado market, developing local style avocado cuisine, such as Japanese style avocado *SUSHI*, Japanese style *CALIFORNIA ROLL*, has been one of the critical factors to increase avocado imports. Such activities would generate similar results in Korea.

U.S. avocado exporters or suppliers are well advised to take part in Seoul ATO marketing activities such as The Seoul Food and Hotel Show (April 24 - 27, 2007, <http://www.seoulfood.or.kr/en/>) or American Culinary Camp (See Section V. for contact information at ATO Seoul).

Table 3. Total Imports of Avocados in Japan vs. Korea
(Units = US 1,000\$)

	Japan	Korea
2001	\$ 26,357	\$ 356
2002	\$ 27,478	\$ 497
2003	\$ 50,026	\$ 834
2004	\$ 54,452	\$ 1,066
2005	\$ 57,487	\$ 1,661

2006 (Jan-Jun)	\$ 32,061	\$ 906
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(US 1\$ = 115 Japanese Yen, September 2006)

The U.S. Agricultural Trade Office (ATO) in Seoul also maintains a current list of avocado importers and has on-going marketing activities that provide new-to-market U.S. food exporters with an opportunity to meet important players in the Korean food trade. Contacting the ATO is highly recommended for new-to-market U.S. exporters who seek opportunities in the food retail market in Korea.

There are only a few fresh avocado/guacamole importers and/or distributors currently supplying the Korean market. The major importers for fresh avocado are listed below; however this list changes frequently. Contact ATO Seoul for an updated list of fresh/processed avocado importers.

Table 4. Avocado Importing Companies in Korea

Company Name	Telephone /Email Contact Info	Contact	Sector
Dole Korea	02-3412-0134 Dolekorea@kotis.net	Mr. Emmanuel Q Javellana	Importer, Distributor
Fruteria Inc.	02-403-5260 fruteria@hanmail.net	Mr. Kim, Won-Jung	Importer, Distributor
Sungmin International Inc.	02-563-9780 jwl@hyundaicarparts.com	Mr. LEE, JIN-WOO	Importer, Distributor
Hansang MK Co.	017-312-0022 donggun66@korea.com	Mr. Lee, Dong-gun	Retail

(Source: Korea International Trade Association)

SECTION III. COSTS AND PRICES

The average auction price for fresh avocados in Seoul wholesale agricultural markets has been approximately 60 percent higher than the CIF value in Busan. The markup will depend on the market situation. Retail prices range between 2,200 to 4,300 KRW per piece. (960 KRW = 1 USD, September 2006)

Table 5. Average Auction Prices for Imported Avocado

(Unit: 10-kilogram per box, high quality: 40 ~ 50 pieces per box)

Month	2005	
	Mid Quality	High Quality
January	x	\$ 75.0
February	x	\$ 77.9
March	x	\$ 70.0
April	x	\$ 65.0
May	\$ 47.5	\$ 72.5
June	\$ 35.0	\$ 70.6
July	\$ 102.9	\$ 112.5

August	\$ 90.0	\$ 115.0
September	\$ 105.0	\$ 122.5
October	\$ 89.6	\$ 100.0
November	\$ 70.0	\$ 77.5
December	\$ 77.5	\$ 85.0

(Source: Seoul Agricultural & Marine Products Corporation)

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

U.S. Agricultural Trade Office

Korean Address: Room 303, Leema Building
146-1, Susong-dong, Chongro-ku, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-ATO
APO, AP 96205-5550

Telephone: 822 397-4188 Fax: 822 720-7921
E-mail: atoseoul@usda.gov Website: www.atoseoul.com

Agricultural Affairs Office

Korean Address: U.S. Embassy, 32, Sejong-ro
Chongro-ku, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-AgAff
APO, AP 96205-5550

Telephone: 82-2 397-4297 Fax: 82-2 738-7147
E-mail: agseoul@usda.gov

For further information about sanitary and phytosanitary requirements, please contact:

USDA, Animal Plant and Health Inspection Service (APHIS)

Korean Address: Room 303, Leema Building
146-1, Susong-dong, Chongro-ku, Seoul, Korea

U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-Aphis
APO, AP 96205-5550

Telephone: 82-2 725-5495 Fax: 82-2 725-5496
E-mail: aphis@kornet.net Website: www.aphis.usda.gov

U.S. Address: USDA, APHIS, PPO
4700 River Road, Unit 140, Suite C-35
River Dale, MD 20737

Telephone: 301-734-6653 Fax: 301-734-7639

For more information about the Korean market for fresh fruits, please review the Korean produce market brief update (KS5048) and for more information about exporting to the Korean market, please review the Exporter Guide (KS5049) at <http://www.fas.usda.gov/scripts/AttacheRep/default.asp>.

Additional information about avocados can be found at the California Avocado Commission homepage

<http://www.avocado.org/>

General information about the Foreign Agricultural Service can be found at

<http://www.fas.usda.gov>.