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## Korea, Republic of

### Product Brief

## Almonds, Walnuts and Pistachios

### 2008

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**Report Highlights:**

The United States accounts for almost 100 percent of the \$35 million almond market in Korea. Increasing production of almonds in the United States and growing demand in Korea are expected to provide good opportunities for future U.S. exports to Korea. The United States is also a major supplier of walnuts and pistachios to Korea. Walnut imports increased sharply over the past 5 years. No almonds and pistachios are produced in Korea. The Korea-U.S. Free Trade Agreement is expected to provide good opportunities for U.S. tree nut exporters.

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

**SECTION I: MARKET OVERVIEW**

The World Fact Book indicates that South Korea was the 3rd largest economy in Asia and the 13<sup>th</sup> largest economy in the world in 2007 with a GDP of \$1.2 trillion. The per capita GDP (PPP) was \$24,800 in 2007. South Korea has a population of about 50 million and the similar land size of the state of Indiana.

The United States accounts for almost 100 percent of the almond market in Korea. Korea does not produce any almonds. In 2007, Korea imported a total of 6,071 metric tons of shelled and in-shell almonds, of which the United States supplied 6,060 metric tons. Increasing production of almonds in the United States and growing demand in Korea are expected to provide good opportunities for expanding the market in Korea in the future.

The United States is a major supplier of in-shell and shelled walnuts to Korea. Korea imported about 6,900 metric tons of shelled and in-shell walnuts in 2007, of which about 5,500 metric tons came from the United States, followed by Vietnam with about 1,400 metric tons. Walnut imports increased sharply over the past 5 years from about 1,773 metric tons in 2002 to 6,934 metric tons in 2007. About 850 metric tons of walnuts were produced locally in 2006. It is reported that about 300 tons of shelled walnuts come to South Korea annually from North Korea, which is not considered as international trade, but as intra-Korean trade.

No pistachios are produced in Korea. Korea imported about 435 metric tons of pistachios in 2007, of which the United States supplied 256 metric tons and Iran supplied 165 metric tons. The market for pistachios is stable.

The Korea-U.S. Free Trade Agreement (KORUS FTA) concluded in early 2007 is expected to provide good opportunities for U.S. tree nut exporters. The KORUS FTA is currently pending in the National Assembly of Korea and the U.S. Congress; it must be ratified by both before it is implemented.

ADVANTAGES	DISADVANTAGES
No local production of almonds and pistachios, and negligible local production of walnuts	The exchange rate of local currency is not stable.
Not much competition	U.S. walnut prices increased sharply this year.
The KORUS FTA will make U.S. tree nuts more competitive.	Tariffs for prepared nuts are high.

**SECTION II: MARKET SECTOR OPPORTUNITIES AND THREATS**

Almost all almonds, walnuts and pistachios are imported in raw form as the tariff rates for prepared/roasted nuts are high, that is, 45 percent on the CIF value plus a 10 percent Value Added Tax.

Imported almonds are consumed mostly in chocolates, bakery, ice cream, breakfast cereals and as snacks in Korea. The local demand for almonds is increasing gradually as the current price of almonds is attractive compared with the prices of other tree nuts. Although not required by the local government, almonds are fumigated before they are imported to prevent insect damage. Almond import prices are fluctuating, sometimes very high and

sometimes very low during the season. When the prices are high, almond importers reduce their import volume.

Walnut imports have increased sharply over the past 5 years as nutritional benefits of walnuts have become more widely known among Korean consumers. Most walnuts are consumed as snacks in a raw form. In some cases, walnuts are also used in bakery and ice cream. Walnuts have sold very well through TV home shopping channels. Fumigation for walnuts is required by the local government. The recent high prices of walnuts have dampened import growth.

Almost all pistachios are also imported in raw form as the tariff for roasted pistachios is prohibitive. Pistachio imports have not been increasing much over the past several years. Pistachios are consumed mostly as snacks, and some are also consumed in bakery products and ice cream. Traders say that almost all pistachios imported into Korea are bleached and mechanically/artificially opened. Naturally opened pistachios are not being imported in large quantities according to traders.

The Free Trade Agreement between the United States and Korea will provide good opportunities for U.S. almond, walnut and pistachio suppliers when it is implemented as the current customs duties for almonds and pistachios will be free immediately, and the customs duties for shelled walnuts will phase out over 6 years. In-shell walnut tariffs will phase out over 15 years under the Agreement. The Agreement is yet to be ratified by both the National Assembly of Korea and U.S. Congress.

### **Entry Strategy**

One of the best ways to enter into the Korean market is to contact potential importers directly by introducing the exporting company and its products through e-mails and/or fax to explore possible market opportunities in Korea. If U.S. exporters do not have lists of potential importers, they can contact ATO Seoul to obtain them.

Another way of finding potential importers is to participate in a local food show to showcase the exporters' products to a larger audience. Many Korean importers attending these shows are looking to establish reliable long-term trading relationships. Show participation enhances initial contacts with importers, agents, wholesalers, distributors, retailers and others.

Currently, there is one trade show supported by ATO Seoul in Korea. The "Seoul Food & Hotel 2009" will be held in Ilsan in the suburbs of Seoul during May 13-16, 2009 for four days. The show presents an excellent chance to explore possible market opportunities in Korea. This show is a trade only show and targets importers, wholesalers, distributors, retailers, hotels, restaurants, food processors, media, etc.

### **Market Size, Structure, Trends**

The United States is the major supplying country of almonds, walnuts and pistachios to Korea. The recent attractive prices and good harvest of almonds will provide good opportunities for Korean importers as well as U.S. exporters. There are virtually no competitors against the United States for almonds and no local production.

Korean walnut importers may reduce their import volume this year resulted from sharp increase in walnut prices. Vietnam is a slight competitor for walnuts. Korea produces about 800 metric tons of walnuts. However, the supply is far less than the total demand. In 2008 walnut imports from Vietnam decreased sharply. Pistachio imports have been very stable

and are expected to remain at about the same level for the several years to come. Iran is the major competitor for the United States for pistachios.

Almond Imports by Year Unit: Value - \$1,000 Volume – Metric Ton

	2005		2006		2007	
	Value	Volume	Value	Volume	Value	Volume
USA	34,933	5,010	38,083	5,196	34,536	6,060
Others	6	1	448	66	58	11
Total	34,939	5,011	38,531	5,262	34,594	6,071

\*Imports included both shelled and in-shell almonds

Source: Korea Trade Information Service

Walnut Imports by Year Unit: Value - \$1,000 Volume – Metric Ton

	2005		2006		2007	
	Value	Volume	Value	Volume	Value	Volume
USA	16,596	3,042	33,482	5,430	34,912	5,494
Vietnam	2,557	1,441	5,504	2,668	3,466	1,441
Others	0	0	13	15	0	0
Total	19,153	4,483	38,999	8,113	38,378	6,935

\*Imports included both shelled and in-shell walnuts

Source: Korea Trade Information Service

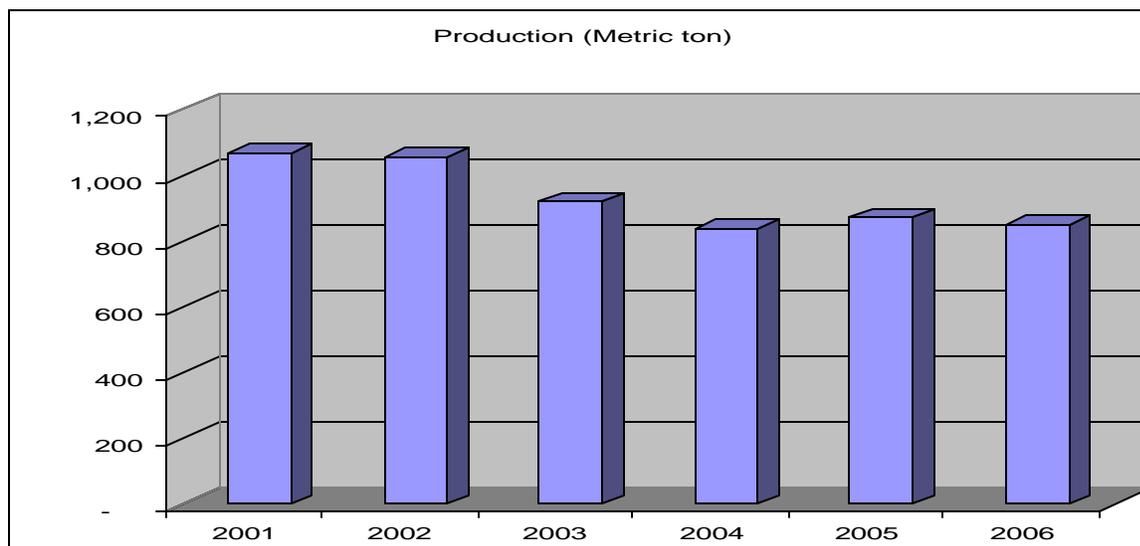
Dried Pistachio Imports by Year Unit: Value - \$1,000 Volume – Metric Ton

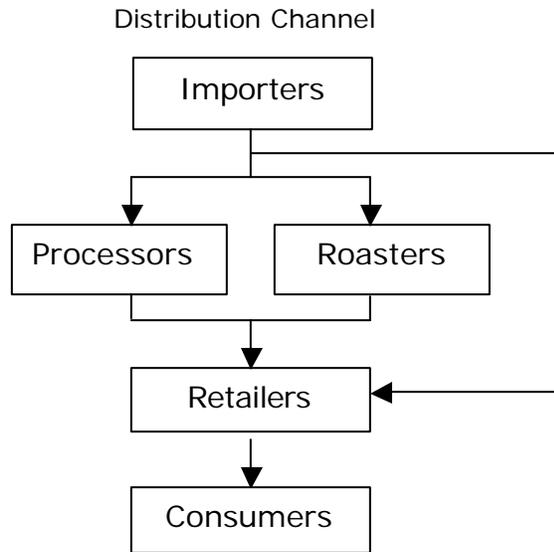
	2005		2006		2007	
	Value	Volume	Value	Volume	Value	Volume
USA	1,727	308	1,050	150	1,507	256
Iran	803	165	1,353	280	944	165
Others	0	0	16	1	105	14
Total	2,530	473	2,419	431	2,556	435

\*Imports included both shelled and in-shell pistachios

Source: Korea Trade Information Service

Production of In-shell Walnuts in Korea





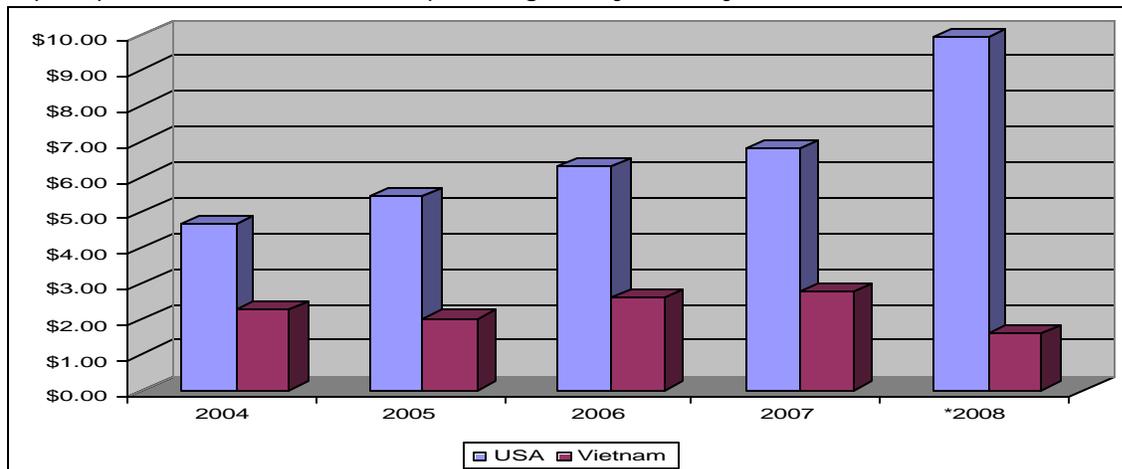
**Company Profiles**

There are about 20 companies which are importing almonds, walnuts and pistachios in Korea. They are regular importers, food manufacturers and retailers. For specific information on these tree nut importing companies, please contact ATO Seoul.

**SECTION III: COSTS AND PRICES**

There are no tariff-rate quotas for tree nuts in Korea. Korea imposes 45 percent Customs duty plus 10 percent Valued Added Tax on imports of roasted/prepared almonds, walnuts and pistachios while they impose only 8 percent on imports of raw almonds, 30 percent on the imports of raw pistachios and raw shelled walnuts respectively, and 45 percent on imports of raw in-shell walnuts. Accordingly, Korean importers import tree nuts in raw form in order to avoid high Customs duties.

Import prices of walnuts/shelled per kilogram by country



\*Imports from January-May 2008

Source: Korea Trade Information Service

## Korea – U.S. Free Trade Agreement

Product	HS Number	Current Tariff Rate	Phase-out
Almonds, in shell	0802.11.0000	8 percent	Immediate
Almonds, shelled	0802.12.0000	8 percent	Immediate
Walnuts, in shell	0802.31.0000	45 percent	15 years a/
Walnuts, shelled	0802.32.0000	30 percent	6 years b/
Dried Pistachios	0802.50.0000	30 percent	Immediate
Other prepared nuts	2008.19.9000	45 percent	10 years c/

a/ The duty on in-shell walnuts shall be removed in 15 equal annual stages beginning on the date the FTA enters into force, and the walnuts shall be duty-free, effective January 1 of year fifteen.

b/ The duty on shelled walnuts shall be removed in 6 equal annual stages beginning on the date the FTA enters into force, and the walnuts shall be duty-free, effective January 1 of year six.

c/ The duty on roasted/prepared almonds, walnuts and pistachios shall be removed in 10 equal annual stages beginning on the date the FTA enters into force, and these prepared nuts shall be duty-free, effective January 1 of year ten.

**SECTION IV: MARKET ACCESS**

Traders say that there are currently no significant barriers or problems in importing tree nuts from the United States to Korea.

All tree nuts including almond, walnuts and pistachios must be accompanied by a Phytosanitary Certificate, PPQ Form 577, issued by USDA/APHIS (Animal & Plant Health Inspection Service).

The issuance date of the phytosanitary certificate shall be prior to the departure date listed on the Bill of Lading. Also, the inspection date on a certificate must be prior to the departure date.

Both in-shell and shelled walnuts must be fumigated according to the schedules agreed between USA and Korea and accompanied by a Phytosanitary certificate, PPQ Form 577, issued by USDA/APHIS

For further details on the plant quarantine issues, please contact Local APHIS/PPQ office, and/or APHIS Seoul Office listed in Section V of this report.

**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@fas.usda.gov](mailto:atoseoul@fas.usda.gov)

Website: [www.atoseoul.com](http://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@fas.usda.gov](mailto:agseoul@fas.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

Website: [www.aphis.usda.gov](http://www.aphis.usda.gov)

U.S. Address: USDA, APHIS, PPO  
4700 River Road, Unit 140  
Riverdale, MD 20737

Telephone: 301-734-8262 Fax: 301-734-7639

**For more information about the Korean market**, please review the Exporter's Guide (KS7063) at <http://www.fas.usda.gov/gainfiles/200710/146292610.pdf> and the FAIRS Country Report (7053) at <http://www.fas.usda.gov/gainfiles/200708/146291900.pdf>. More Korea specific reports can be found at <http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>.

**Additional information can be found at the Foreign Agricultural Service's Horticultural and Tropical Products Division homepage**

<http://www.fas.usda.gov/http/2007%20Fresh%20Vegetables.pdf>

General information about the Korean Market can be found on the Agricultural Trade Office Website at <http://www.atoseoul.com/> or about the Foreign Agricultural Service at <http://www.fas.usda.gov/>