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Product Brief

Avocado

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Approved by:

Stan Phillips, ATO Director
Agricultural Trade Office, Seoul

Prepared by:

LeeAnna McNally, ATO Intern

Report Highlights:

Korea's imports of avocados rose from 610 metric tons (mt) valued at \$1,965,976 in 2006 to 655 metric tons (mt) valued at \$2,083,000 in 2007, nearly an 8 percent increase. 2007 was the first year that the United States did not hold the top market share. U.S. exports were down from 417 (mt) in 2006 to 161 (mt) in 2007. Many importers believe this is due to an increase in unit price which rose 26 percent in the United States from 2006 to 2007. Mexico now stands as the dominant supplier of avocados to Korea. The United States, Mexico, and New Zealand were the only exporters of avocados in 2007 to Korea. There is no domestic production.

Includes PSD Changes: No
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[KS]

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SECTION I. MARKET OVERVIEW

Korea's imports of avocados rose from 610 metric tons (mt) valued at \$1,965,976 in 2006 to 655 metric tons (mt) valued at \$2,083,000 in 2007, nearly an 8 percent increase. 2007 was the first year that the United States did not hold the top market share. U.S. exports were down from 417 (mt) in 2006 to 161 (mt) in 2007. Many importers believe this is due to an increase in unit price which rose 26 percent in the United States from 2006 to 2007. Mexico now stands as the dominant supplier of avocados to Korea. The United States, Mexico, and New Zealand were the only exporters of avocados in 2007 to Korea. There is no domestic production.

Processed avocado products such as guacamole and half cut seedless frozen avocados are imported separately. No avocado processing is being done locally. According to avocado industry sources, the total import value of fresh avocados exceeds the total value of frozen processed avocados.

The avocado market in Korea remains small. Korean consumers have little experience with guacamole. Guacamole is mostly used for sushi in Korea.

ADVANTAGES	DISADVANTAGES
Korea has no domestic production.	The United States had a higher per unit price than Mexico in 2007.
Korean consumers consider the United States product to be superior to others.	Importers are unaware of the different varieties of avocados as well as brands. Similarly, there is little knowledge of processed avocado products.
Few countries are exporting fresh avocado to Korea.	High tariffs raise the retail price of imported products well above that of local products with similar use profiles.

SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

Many importers still believe there is a growing demand for avocados in Korea. This view is supported by the 8 percent increase in imports from all origins in 2007. Restaurants and American fast food chain stores such as *TGI Friday*, *Outback Steakhouse*, *Taco Bell*, etc. all use frozen avocado products in a variety of their dishes. Other dishes that include avocado in their ingredients that are somewhat popular among Korean consumers include the California roll, salad, curry food, and fresh guacamole.

Importers agree that consumers prefer fresh avocados versus other products such as frozen guacamole. Many consumers develop a taste for fresh avocado after trying it in restaurants. Other uses for fresh avocado include facial cream and masks, and deep conditioning hair treatments.

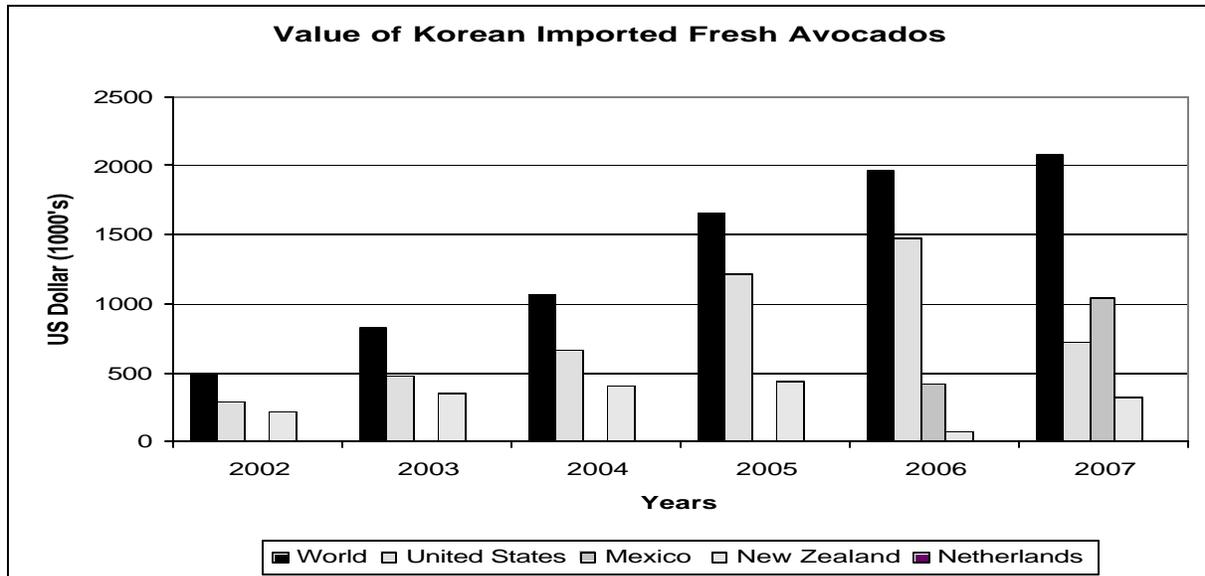
1. Entry Strategy

Frozen avocados are the key product in the restaurant sector. Fresh avocado demand lies largely in the retail sector. U.S. suppliers who are interested in exporting fresh avocado should be sure to contact the [Animal Plant Health Inspection Service](#) (APHIS) for information about phytosanitary requirements for shipping to Korea.

2. Market Size, Structure and Trends

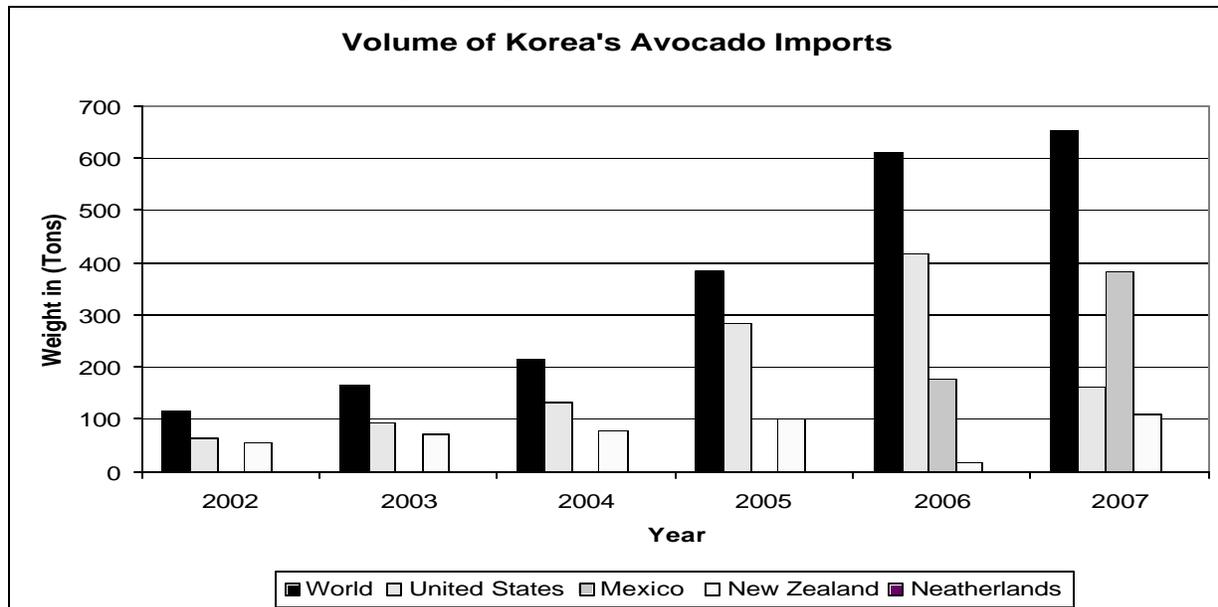
The Korean import market for fresh avocados is currently valued at \$2 million. In 2007, Mexico was the largest supplier exporting 383 metric tons. Below are the graphs that show Korea's fresh avocado imports in weight (tons) and value (US Dollar).

Chart 1. Korean Avocado Imports by Value



Source: www.gtis.com

Chart 2. Korean Avocado Imports by Volume



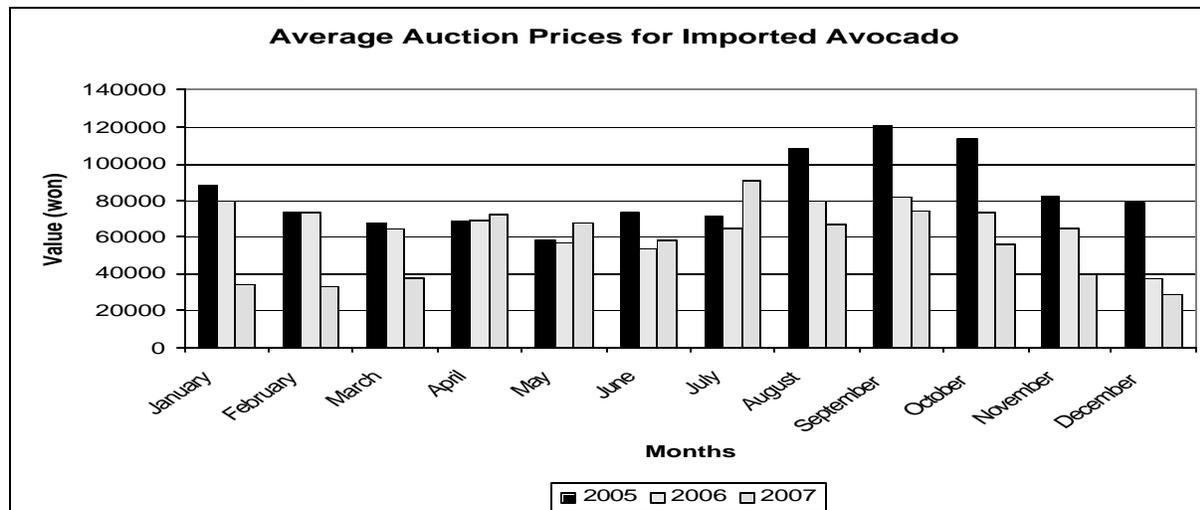
Source: www.gtis.com

3. Company Profiles

The Agricultural Trade Office (ATO) in Seoul maintains a current list of avocado importers and has information about food shows as well as marketing activities. Please contact the ATO office for the latest profiles of prospective avocado importers.

SECTION III. COSTS AND PRICES

Chart 3. Unit 10-Kilogram per box, high quality: 40-50 pieces per box)



Source: Seoul Agricultural & Marine Products Corporation
(975 KRW = 1 USD, April 2007)

Korea currently applies a thirty percent tariff on fresh avocado. If the Korea-U.S. Free Trade Agreement (KORUS FTA) is ratified by Korea's National Assembly and the U.S. Congress, the tariff on U.S. avocados will be reduced from thirty percent to zero over a period of two years. For details on the results of the KORUS FTA for avocados, see www.ustr.gov/Trade_Agreements/Bilateral/Republic_of_Korea_FAA/Section_Index.html

SECTION IV. MARKET ACCESS

1. Labeling Requirements

Packaged avocados will be subject to Korea's country of origin labeling laws. Avocados in a container, bag, or box must have a country of origin label on the container, bag, or box, with the appropriate Korean language label. All imported agricultural products are required to include the product name, producer name, manufacture date (packing date or packing year), net quantity of contents, and storage and handling instructions on the Korean language label.

2. Grading or Quality Standards

No grading or quality standards have been set in Korea for avocados.

3. Import Procedures and Testing Requirements

The Korean Customs Service (KCS), the Korean Food and Drug Administration (KFDA), and the National Plant Quarantine Service (NPQS) are the agencies involved in the import clearance process for avocados. KCS is responsible for ensuring that all necessary documentation is in place before the product is released from the bonded area. KCS and

KFDA work within the same Electronic Data Interchange (EDI) system, which allows KFDA inspection results to be transmitted to KCS quickly, shortening the KCS clearance time.

4. MRL STANDARDS

KFDA establishes and enforces maximum residue level (MRL) standards. CODEX values are the principal default levels when no KFDA MRLs have been established. This means that other tolerance levels, such as CODEX, etc., are not accepted when an MRL is established for a given pesticide in the Korean Food Code. In the absence of the CODEX standards, then MRLs set by KFDA for a similar crop group shall apply.

Table 1. KOREAN MRL STANDARDS FOR FRESH AVOCADO

Pesticide	PPM	Pesticide	PPM
Dichlorophenoxyacetic Acid	1.0	Folpet	2.0
Aldrin & Dieldrin	0.01	Glufosinate-Ammonium	0.3
Amitraz	0.2	Glyphosate	0.2
Azinphos-methyl	1.0	Imazalil	2.0
BHC	0.2	Malathion	0.5
Captan	5.0	Maleic hydrazide	40.0
Carbyl (NAC)	1.0	Metalaxyl	0.2
Carbendazim	0.5	Methomyl	1.0
Chinomethionat	0.1	Methyl bromide	30.0
Chlorpropham	0.05	Myclobutanil	1.0
Chlorpyrifos	0.5	Napropamide	0.1
Clofentezine	1.0	Norflurazon	0.2
Cyhalothrin	0.5	Oxamyl	0.5
Cypermethrin	2.0	Oxyfluorfen	0.05
DDT	0.2	Parathion	0.3
Diazinon	0.5	Permethrin	1.0
Dichlbenil	0.15	Pirimicarb	1.0
Dichlorvos (DDVP)	0.1	Procloraz	5.0
Dicofol	1.0	Pyrethrins	1.0
Diflubenzuron	1.0	Sethoxydim	1.0
Endosulfan	1.0	Simazine	0.25
Ethionfencarb	5.0	Thiabendazole	10.0
Etrimfos	0.2	Tralomethrin	0.5
Fenbutatin oxide	2.0	Trichlorfon	0.5
Fenvalerate	1.0	Triflumizole	2.0
Flucythrinate	2.0		

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

For further information contact:
 Agricultural Trade Office, American Embassy
 Unit #15550, APO AP 96205-5550
 Tel. No.: 82-2-397-4188, Fax No.: 82-2-720-7921
 E-mail: ATOSeoul@fas.usda.gov Internet: www.atoseoul.com

For further information about sanitary and phytosanitary requirements, please contact:
USDA, Animal and Plant Health Inspection Service (APHIS)

Address: USDA, APHIS, PPO
4700 River Road Unit 140
Riverdale, MD 20737
Fax: 301-734-7639
Telephone: 301-734-8262
E-Mail: PPQExportServices@aphis.usda.gov
Website: www.aphis.usda.gov