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Report Name: Korea's Potato Market Update

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Report Highlights:

After reaching a five-year high in 2024, Korea's potato production will return to average levels in 2025. With domestic production supplying less than 20 percent of chipping potato demand, Korea relies on imported fresh chip stock potatoes from the United States and Australia, especially during the winter and early spring. When the U.S.-Korea Free Trade Agreement (KORUS) enters its 15th year in 2026, the seasonal tariff on U.S. chipping potatoes will reach zero, presenting new opportunities for U.S. exporters to supply Korea's thriving snack food industry. Although the United States has lost some market share recently, it remains the leading supplier of frozen French fries to Korea thanks to consistent quality and duty-free access under KORUS.

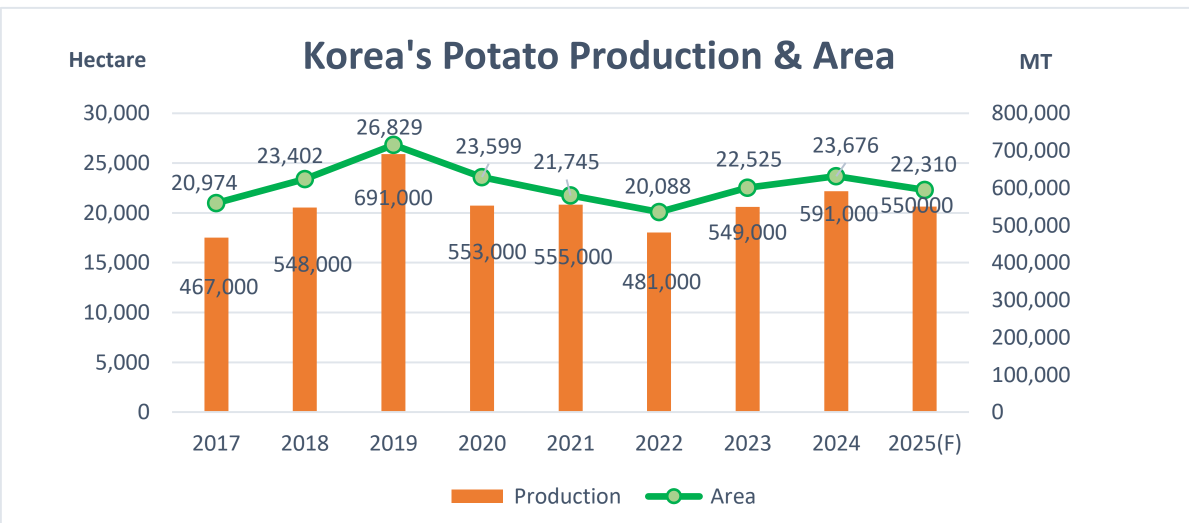
Production

According to a forecast by the Korea Rural Economic Institute (KREI), calendar year (CY) 2025 potato production will be 550,000 MT on 22,310 hectares (ha) of planted area, close to the recent 5-year average. An early 2025 planting intentions survey indicates a 2.5-percent drop in open field spring potato acreage compared to 2024, as farmers respond to lower prices because of high 2024 production and increased supplies of stored fresh potatoes.

In 2024, Korea's fresh potato production increased to 591,000 metric tons (MT), about 7 percent higher than the previous year's 550,000 MT. The 2024 production increase was driven mainly by a 5-percent increase in planted area and favorable growing conditions. Total planted area reached 23,676 ha, up from 22,525 ha in 2023, with most of the increase occurring in open field spring potatoes. Farmers expected greater benefits from potatoes than substitute crops such as cabbage, radish, or carrots. Some farmers also shifted to green onions, whose price increased significantly due to a bad crop in 2023.

Since 2012, the most notable change in Korea's potato production is that the area under open field cultivation has gradually decreased, while facility (greenhouse) cultivation has grown slightly. According to Statistics Korea (KOSIS), domestic potato production fell from 622,000 MT in 2011 to 481,000 MT in 2022, a 22.6 percent decrease driven by the ongoing aging farm population and rising production costs in the farm sector. During the same period, the area under potato cultivation decreased by 26 percent, from 27,000 ha to 20,000 ha. Nonetheless, the recent growth in facility (greenhouse) potato cultivation has offset some of the open field decline, such that overall production is only 5 to 15 percent below 2011 levels.

Figure 1
Korea's Potato Production (MT) and Area (HA)



Source: Statistics Korea & Korea Rural Economic Institute (KREI)

Although potato planted area increased by 1 or 2 percent consecutively in 2023 and 2024 due to strong market prices, fresh potato production is expected to gradually decline in the medium and long term due to Korea’s aging farm population and rising production costs. Greenhouse potato cultivation from fall to spring is expected to continue increasing steadily due to consumer demand for freshness and quality, as well as increasingly frequent weather challenges. Recent summer heat waves and heavy rains have damaged the quality of field-grown potatoes, which are planted from February through the middle of April and harvested and marketed until the end of July. Moreover, acreage of field-grown spring potatoes, which represent most of Korea’s potato production, is unlikely to increase.

As a result, imports of fresh potatoes and potato products may fill the gap left by the decline in domestic production, and it is highly likely that potato imports, which are currently limited mainly to chip processing, will gradually expand to fresh table potatoes.

According to the Korea Rural Economic Research Institute (KREI), 2024 spring potato acreage increased in both open field and facilities. Final production of field spring potatoes was 397,613 MT, up 11 percent from the previous year's production (358,022 MT), helped by an increase in cultivated area and favorable crop conditions. Production of greenhouse spring potatoes increased to 49,214 MT, up 3.4 percent from the previous year (47,615 MT in 2023).

In 2024, Korean farmers produced 126,399 MT of highland potatoes, the same as 2023, but on 2.4 percent more planted area. Fresh potatoes grown at high elevation, especially in Gangwon province, are mainly harvested in August and September. Finally, 2024 production of autumn potatoes, is estimated at 66,000 MT.

Table 1
Korea’s Potato Planted Area and Production, 2020-2024
(Ha; Thousand Metric Tons: TMT)

	2020		2021		2022		2023		2024	
Cropping Pattern	Ha	TMT	Ha	TMT	Ha	TMT	Ha	TMT	Ha	TMT
Spring	16,339	376	14,266	379	13,017	303	14,699	358	15,521	398
Highland	3,390	119	3,888	118	3,495	125	3,835	127	3,928	126
Autumn	3,870	57	3,591	57	3,800	53	3,992	66	4,227	67
Total	23,599	553	21,745	555	20,312	481	22,525	550	23,676	591

Source: Korea Statistics Information System (KOSIS)
Note: Forecast data for 2024 by KREI

In 2023, Korea's potato production reached 550,000 MT, a 14.5-percent increase from the previous year (481,000 MT), as cultivated area spiked because of high market prices. Open field spring potato production increased by 18 percent year-on-year due to greater planted area and favorable crop conditions, while highland potato production increased by 1.8 percent. Greenhouse-grown spring potato production increased by 4.4 percent from the previous year.

Processing Potatoes

The 'Sumi' potato, which makes up about 80 percent of Korea's potato production, is not suitable for chip processing due to its high moisture content and is mainly used to make traditional Korean side dishes. Most chip processing potatoes, such as the popular 'Daeseo' variety, are produced and supplied by three local potato chip processors (Orion, Nongshim, and Haetae-Calbee) and their contract farmers.

The domestic potato chip industry uses around 30,000 metric tons (MT) of locally grown fresh potatoes annually. Local processors use domestic fresh potatoes from May to November and rely on imported chipping potatoes from December to April. Imported chipping potatoes are sourced mainly from Australia and the United States due to their better storability and consistent quality. Phytosanitary issues limit chipping potato imports from other origins.

Due to the sharp rise in food prices after the 2020-2022 pandemic, local potato consumption trends also changed, and the supply of potato chips in the domestic snack market is expected to increase in the coming years. Potato chips are a popular snack in Korea to accompany drinking, especially among the 20s and 30s age group, who have turned to drinking at home or alone since the pandemic period. On the other hand, the teenage population, once the main snack consumers, is shrinking due to Korea's low birth rate. The snack industry believes the popularity of potato chips is also linked to the economic recession, as people tend to drink more at home and seek affordable snacks during tough economic times.

Prices

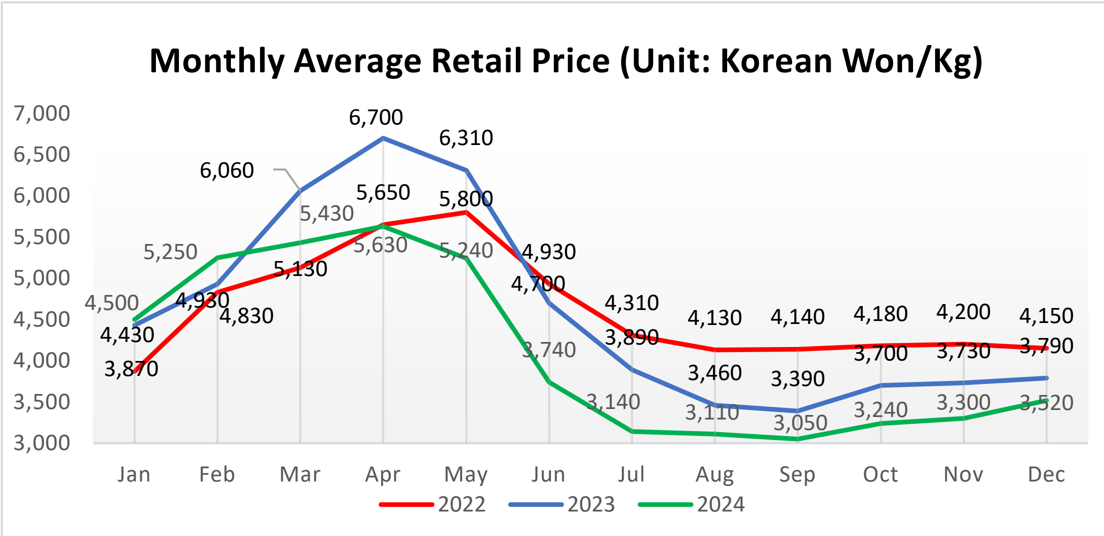
In 2024, domestic wholesale and retail prices of fresh potatoes decreased slightly from the previous year due to higher domestic production of field and facility (greenhouse) potatoes starting in spring 2024. In addition, increased planting of highland potatoes – up 2.3 percent from the previous year – helped to lower fresh potato prices throughout the year.

Table 2
Annual Retail & Wholesale Prices for No.1 Grade Potatoes

Year	Domestic Potatoes Average Retail Price (₩/kg)	Domestic Potatoes Average Wholesale Price (₩/kg)	U.S. Potato Average Import Price (₩/kg)[1]	Annual Average Exchange Rate (₩/$)
2017	3,430	2,055	633	1,131
2018	4,410	2,640	704	1,100
2019	3,150	1,534	734	1,165
2020	3,440	1,607	625	1,180
2021	3,530	1,708	823	1,144
2022	4,610	2,376	1,098	1,292
2023	4,640	2,309	1,056	1,305
2024	4,090	2,050	995	1,363

Source: Korea Agro-Fisheries & Food Trade Corporation (aT) (Retail & Wholesale Price); Bank of Korea (Annual Average Exchange Rate); TDM (U.S. Import Value and Import Quantity)

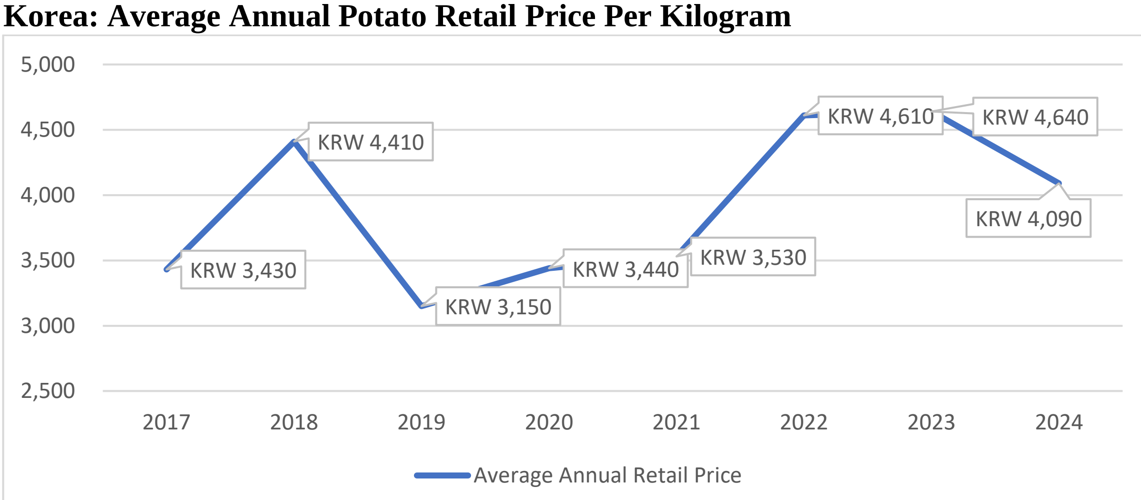
Figure 2
Korea: Average Fresh Potato Retail Price



Source: Korea Agro-Fisheries & Food Trade Corporation (aT)

The potato market's annual average retail price in 2023 increased slightly by 0.6 percent to KRW 4,640 per kilogram, while the wholesale price dropped by 2.8 percent as spring potato production increased.

Figure 3
Korea: Average Annual Potato Retail Price Per Kilogram



Source: Korea Agro-Fisheries & Food Trade Corporation (aT)

In the first half of 2023 (January - June), domestic potato consumer prices were about 11 percent higher than the previous year due to a shortage of stored potatoes from the 2022 harvest. Prices then turned downward in the second half of 2023 (July - December) due to increased production of 2023 open field and highland spring potatoes. Facility (greenhouse) spring potato prices were also 19.8 percent higher than the previous year despite increased production because of the shortage of stored potatoes. The market price of highland potatoes in Gangwon Province was 15.6 percent lower than the previous year due to increased production of open-field spring potatoes.

Consumption

In the beginning of 2024, local fresh potato distributors were concerned that potato consumption in restaurants and other food service industries might decline due to the economic downturn and rising food prices. However, per capita potato consumption increased by six percent to 15.8 kilograms due to abundant domestic potato production. However, the demand for processed potato products (french fries) from the food service sector, remains sluggish.

In 2023, Korea's overall potato consumption increased due to a continued demand from the food service industry, which gradually recovered after the pandemic. Favorable prices and increased domestic potato production also boosted consumption. As a result, per capita potato consumption in 2023 reached 14.9 kilograms, up from 13.8 kg the previous year.

Table 3
Korea: Per Capita Potato Consumption (2018-2024)

	2018	2019	2020	2021	2022	2023	2024
Per Capita Consumption (kg)	14.3	16.1	14.1	14.1	13.8	14.9	15.8

Source: Korea Rural Economic Institute (KREI)

Korea's demand for potatoes and potato products has grown steadily each year, mainly due to strong demand for frozen potatoes (prepared French fries) in the food service sector. However, Korea's imports of potatoes and potato products fell 5.2 percent to 184,422 MT in 2023 from a record high of 194,660 MT in 2022, driven by an 11-percent drop in frozen French fry imports. This decline was due to lower production in major exporting countries, including the United States and Canada, and higher import unit costs.

Among potato product imports, dehydrated potatoes (flour, flakes, granules, etc.) form a small but growing segment in the Korean market. From 2019 to 2023, the import volume of dehydrated potatoes grew by 68.1 percent, to 7,117 MT from 4,235 MT annually. Demand for these products comes from steady growth in the snack, home meal replacement (HMR), meal kit, and silver care food industries. Demographic changes, especially an aging population with smaller family sizes, have spurred growth of the silver care food industry and demand for convenient meal options targeting one- and two-member households.

Potato Trade

Over the past decade, Korea's fresh potato production fluctuated around an average of 550,000 MT, and 2024 production was about the same as it was in 2014. Meanwhile, Korea's imports of potatoes and potato products during the same period increased by about 50 percent to 183,000 MT from 122,000 MT in 2014, in line with rising domestic demand.

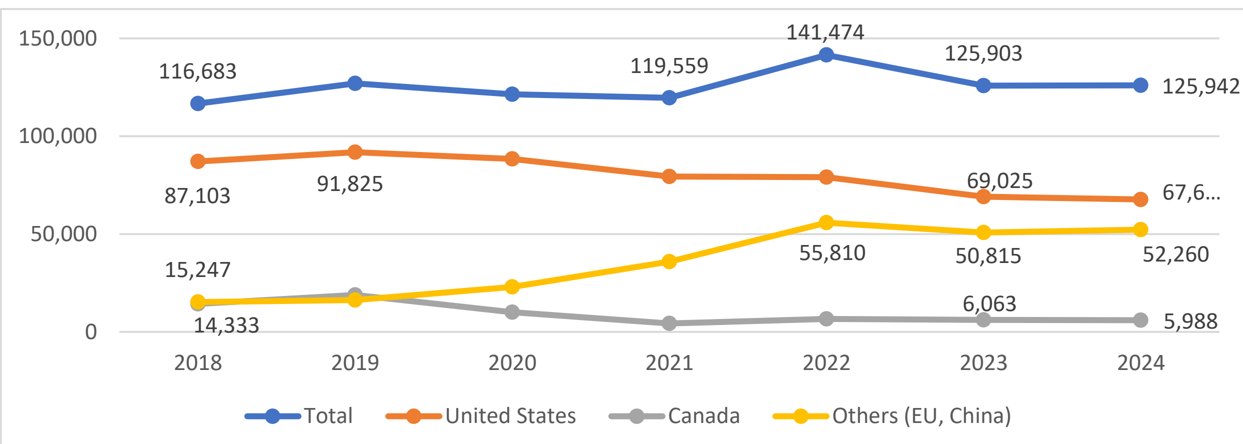
In 2023, Korea's imports of potatoes and potato products decreased by 6.1 percent from the previous year due to higher import prices and a recovery in domestic potato production. Within the total, fresh potato imports increased by 4.5 percent to 42,000 MT from the previous year because of the Korean government's emergency tariff rate quota (TRQ) to stabilize domestic prices. A quota for 13,000 MT of chip processing potatoes could enter Korea with zero duty.

Potato Product Imports

In 2024, Korea sourced frozen French fries, the main imported potato product, primarily from the United States (54 percent), EU (28 percent), China (11 percent), and Canada (4.8 percent). Potato products from EU countries (especially Belgium, the Netherlands, and Germany) replaced some U.S. and Canadian shares, reaching around 20 percent on competitive prices. Dehydrated potatoes were imported mainly from the United States (51 percent) and Poland (13 percent). In 2024, Korea imported 6,835 MT of dehydrated potatoes, a 62 percent increase from 2019.

Figure 4

Korea's French Fry Imports by Year (Unit: MT)



Source: Korea Customs Service (KCS)

The average import unit price (per MT) for some European countries in 2024, such as Belgium (USD 1,654) and the Netherlands (USD 1,590), was much lower than the United States (USD 1,987). As a result, imports of U.S. frozen French fries decreased by approximately 26 percent from 91,825 MT in 2019 to 67,694 MT in 2024. During that time, the average import (unit) price of U.S. French fries increased by 56 percent from USD 1,277 to USD 1,987, resulting in market share decline from 72 percent to 54 percent.

Although the share of U.S. frozen prepared potatoes (French fries) in Korea has continued to decline in recent years, major domestic food service industries strongly prefer U.S. frozen potatoes because of their consistent quality. The shift to cheaper European or Chinese French fries has occurred mainly in the small and medium-sized segment of the food service market.

Fresh Potato Imports

Korea imported 40,632 MT of fresh potatoes in 2024 and 41,651 MT in 2023, mostly for chip processing. The top suppliers of fresh potatoes are the United States (40 percent) and Australia (60 percent) due to their quality and seasonality. Usually, Korea imports fresh potatoes from the United States starting from October through January, and from Australia from February through May. Chip processors source domestic potatoes in the summer and fall.

Both the United States and Australia have free trade agreements with Korea, but neither has duty free access throughout the year. In the case of KORUS, a seasonal tariff is applied for U.S. chipping potatoes from May 1 to November 30, but this tariff will fully phase out in 2026. From December 1 to April 30, U.S. chipping potatoes may enter Korea duty free. Table stock potatoes are managed through a tariff rate quota (TRQ) regime with no phase-out date.

Table 4
Fresh Potato Import Duties under KORUS

	Chip Stock	**Table Stock**
Structure	*Seasonal duty with 15-year phase-out*	*Indefinite TRQ*
Tariff Rate	12/1 – 4/30: 0 percent 5/1 to 11/30: 38 percent (2025)	In-quota: 0 percent Out-of-quota: 304 percent
Quota	Unlimited	4,406 MT in 2025 increases by 3% per year
Phase-Out	2026 (15th year of KORUS)	None

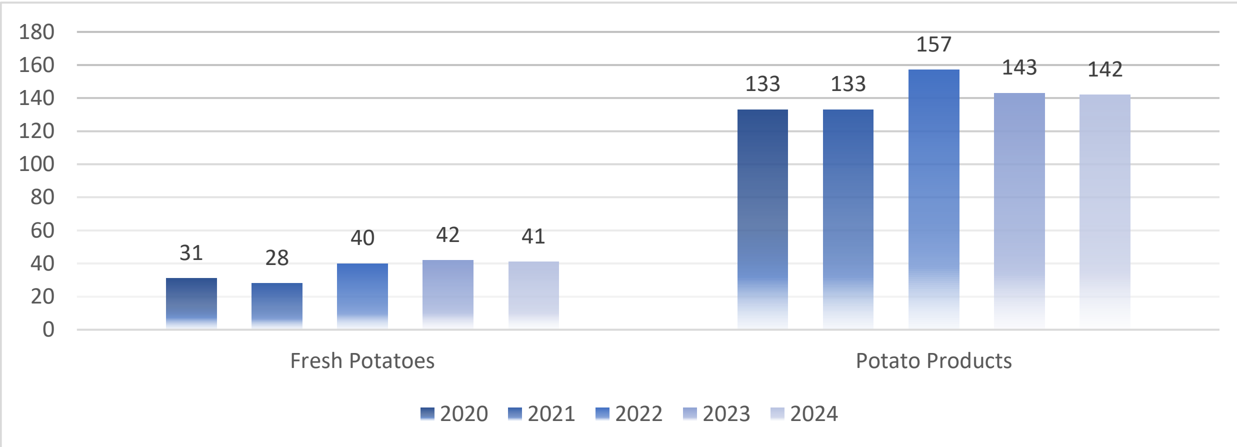
In recent years, Korea has announced special "emergency" TRQs with zero or heavily reduced tariffs to stabilize the prices of key food products. In 2023, chipping potatoes were among the products targeted by the emergency TRQs. The policy effectively expanded the window for importing competitively priced U.S. chipping potatoes, which would otherwise have carried a 66.5 percent tariff until the start of the duty-free season in December.

Table 5
Korea: Fresh Potato Import USD & MT from 2019-2024

	2020		2021		2022		2023		2024	
Country	$1,000	MT	$1,000	MT	$1,000	MT	$1,000	MT	$1,000	MT
AUS	6,202	13,055	9,620	16,565	12,669	18,254	16,166	21,417	17,439	24,291
U.S.	9,279	17,667	8,177	11,370	18,263	21,602	17,428	20,234	11,933	16,341
Other	0	0	0	0	0	0	0	0	0	0
Total	15,481	30,722	17,797	27,935	30,932	39,856	33,593	41,651	29,372	40,632

Source: Korea Customs Service (KCS)

Figure 5
Korea's Potato & Potato Product Imports, 2020-2024 (Unit: 1,000 MT)



Source: Korea Customs Service (KCS)

Phytosanitary Restrictions

Korea regulates fresh potato imports through a lengthy pest risk assessment process. The main quarantine pests of concern are potato spindle tuber viroid, potato wart (*Synchytrium endobioticum*), golden nematodes (*Globodera rostochiensis* and *Globodera pallida*), and zebra chip disease. Accordingly, all potato shipments imported into Korea are subject to quarantine inspection for the related pests of concern. Imported fresh potatoes must be free of soil and foreign materials.

Due to quarantine regulations, currently 28 U.S. states are not allowed to export fresh potatoes to Korea. These include Maryland, Pennsylvania, West Virginia, New York, Utah, Nebraska, California, Montana, Arizona, Colorado, New Mexico, North Dakota, Kansas, Wyoming, Delaware, Oklahoma, South Dakota, Nevada, Maine, Michigan, Minnesota, Mississippi, New Hampshire, Ohio, Wisconsin, Texas, Illinois and North Carolina.

Attachments:

No Attachments.