



Foreign Agricultural Service

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Korea, Republic of

Agricultural Situation

Onion Tender Results

1999

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Report Highlights:

Continuing high market prices led the Korean government to hold in early March a third, unexpected onion tender in effort to apply pressure on the market. The U.S. failed to capture a tender award in an third tender after capturing three-fourths of the awards given at the two previous tenders. No additional government onion tenders are anticipated in the near future as the onion market is expected to stabilize with the combined arrival of imported and domestic onions later in March.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Seoul [KS1], KS

Throughout February, fresh onions wholesale market prices remained strong, hovering around 1,000 Korean won (KRW) per kilo. Official efforts to stabilize prices through government stock intervention failed to dampen the market due to its poor quality and high spoilage ratio (40~50 percent). On February 24, the government unexpectedly tendered a third time in effort to increase the quantity of quality onions on the market to act as a brake on prices.

While onion prices are still increasing, the rate has slowed since the government's third tender. No additional government onion tenders are anticipated in the near future as market prices are expected to stabilize with the combined arrival of imported and domestic onions later in March. Locally produced early variety onions are expected to arrive on the market around mid March, about 20 days earlier than normal due to the warmer winter experienced this past year.

Onion Wholesale Auction Prices
(KRW/Kg, high grade)

Average	1998	1999	Increase
Early Jan	520	596	15%
Mid Jan	583	753	29%
Late Jan	597	821	38%
Early Feb	626	913	46%
Mid Feb	672	961	43%
Late Feb	756	972	29%

Source: Karak Wholesale Market

Korea: 1999 Onion Tender Results

	Bid Date	Origin	Volume (MT)	Price (Before tariff) 1/		Delivery Date
				(USD\$/MT)	(KRW/Kg) 2/	
1 st Bid	02/10/99	U.S.A.	1,500	\$395	KRW465	3/15/99
	02/10/99	New Zealand	1,500	\$407	KRW479	3/20/99
2 nd Bid	02/20/99	U.S.A.	2,000	\$356	KRW429	3/20/99
	02/20/99	U.S.A.	1,000	\$362	KRW436	3/20/99
3 rd Bid	03/02/99	New Zealand	1,000	\$368	KRW450	3/28/99
	03/02/99	New Zealand	1,000	\$383.20 3/	KRW469	3/28/99

Note: 1/ Tariff rate applied to in-quota onions is 50 percent on the CIF value

2/ The rate of foreign exchange on the bid date was applied.

3/ The U.S.A. failed to win 3rd tender with a slightly higher offer price – \$383.50