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Korea, Republic of

Agricultural Situation

Tomato Exports to Japan in 1998

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Report Highlights:

Korea exported 3,063 tons of tomatoes valued at more than \$6.8 million in 1998, mainly to Japan. This is an increase by 519 percent based on volume and 409 percent based on value from a year ago. This briskness in Korea's tomato exports was attributable to the devaluation of local currency in international market, Korean economic situation, inclement weather conditions in Japan and etc. However, Korea is not anticipated to see brisk tomato exports again in the future years, although Korean farmers and traders show strong willingness to maintain their sales outlet in overseas markets.

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

Korea enjoyed a brisk year of tomato exports to Japan in 1998.

Korean exports of tomato reached 3,063 tons valued at more than \$6.8 million in 1998, up 519 percent based on volume and 409 percent based on value, respectively, from 495 tons at \$1.3 million in 1997. Almost all tomato exports are to Japan. Over the last few years, Korean-produced tomatoes ranged from 177,000 to 245,000 tons. But tomato exports were limited to only 300 or 400 tons. Korea consumed most production in fresh form. The briskness in Korean exports of tomatoes in 1998 is as following:

- (1) Devaluation of local currency against Japanese Yen: Korean Won's annual average per 100 Yen was reduced by 37%, from 784.02 in 1997 to 1074.41 in 1998. In general, the local currency's devaluation functioned as a major factor to increase price competitiveness of Korean products in international market. Korea's agricultural exports in 1998 increased by about 15 percent on volume basis from a year ago, but total export value reduced by 15 percent to \$ 4.8 billion (FOB basis) due to the lower unit prices.
- (2) The inclement weather in Japan: Last year's weather conditions led to poor crop harvests in most agricultural products, creating import demands in fruit and vegetables. It is reported that vegetable planting area in Japan was significantly damaged by typhoon last September and October in Japan.
- (3) Korean economic crisis resulted in aggressive exports: Korean consumers' general consumption has been contracted due to the economic crisis last year, leading to market prices of most agricultural products falling. The crisis situation stimulated Korean farmers to pioneer overseas markets aggressively.
- (4) Korea's geographic proximity to Japan -- low cost for transportation and short journey for freshness: Korea exports tomato to Japan by sea, which takes about 12~13 hours from Korean ports to Japanese ports by ship, and 3-4 days from Korean farmers to Japanese consumers. Also, Korea shares similar climate conditions with Japan, meaning Japanese favorite variety planted in Korea can satisfy Japanese taste.
- (5) Korea sees a niche market for tomatoes in Japan: According to Korean exporters, about 70~80 percent of Korean exports are mini tomatoes (sized from 8 gram to 20 gram per fruit). These small sized tomatoes are convenient to eat and more sweet than regular tomatoes, and are popular for lunch box, dessert, and as a snack for kids in Japan. (An official at NACF said that in Japan mini tomatoes production is less than regular ones despite of the increasing demand for mini tomatoes, while Korea produces mini tomato more than regular ones.)

Status of export-oriented tomato production in Korea.

In many cases, export-oriented tomatoes are grown in green houses by several farmers groups on contract basis with exporters. Prices received by farmers are preset for a certain amount, for example, from 1,500 to 2,500 Won per kilo. Prices are adjusted within the preset range at a point of export time. In order to enhance products quality for export, these groups purchase tomato seeds from Japan, use unified materials, and work together for selection and package.

- S The tomato variety for export are “coco” (mini tomato) and “momotaro” (regular tomato).
- S There are about six farmers group who produced about 2,400 tons for export on about 57.8 hectare in green houses.
- S Mini tomatoes for exports are packed in 3 Kilo carton boxes, while regular tomatoes are packed in 4kg or 7kg carton boxes.
- S Korean government provides financial support for tomatoes exporters based on export performance – one year loan at 5% interest covering 70% of export amount.
- S The season for tomato exports is from October through March, corresponding to the consumption season of mini tomatoes. Also, the winter season is preferred by traders for easy transportation.

Outlook for Korea's Tomato exports in 1999

It is not anticipated that Korea will see another brisk year of tomato exports, although Korean farmers and traders show strong willingness to maintain their sales outlet in overseas markets. Most exporters forecast that Korea's tomato exports in future years will remain to the level of 1/3 or 2/3 of the last year exports, saying that the 1998 exports were extraordinary with unexpected import demand from Japan.

Korea: Trends of Tomato Planting Area and Production

	Planting Area (unit in ha)					Production (unit in MT)				
	Field	Green house	Ratio F/G	Total	Increase	Field	Green house	Ratio F/G	Total	Increase
1993	516	2,946	18%	3,462	-	15,873	127,409	12%	143,282	-
1994	598	3,021	20%	3,619	5%	19,245	129,458	15%	148,703	4%
1995	593	3,334	18%	3,927	9%	19,080	158,333	12%	177,413	19%
1996	216	3,828	6%	4,044	3%	7,187	215,756	3%	222,943	26%
1997	323	4,340	7%	4,663	15%	11,830	233,059	5%	244,889	10%

Source: Ministry of Agriculture and Forestry

Korea: Tomato Exports by Country (unit in MT, \$1'000)

	1994		1995		1996		1997		1998	
	Vol.	Val.	Vol.	Val.	Vol.	Val.	Vol.	Val.	Vol.	Val.
Japan	98	271	370	1166	302	821	495	1332	3049	6758
Russia	40	65	0	0	4	7	0	0	12	18
Guam	0	0	1	2	0	0	0	0	2	5
Total	138	336	371	1168	306	828	495	1332	3063	6781

Source: Korea Trade Information Services (KOTIS)

Korea: Tomato exports by monthly (unit in MT)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	40	138	43	10	9	9	1	0	2	65	64	114
1998	81	217	432	391	102	105	4	0	81	367	609	674

Source: KOTIS