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## **Korea - Republic of**

**Post:** Seoul ATO

### **Tree Nuts Market Brief Update 2016**

**Report Categories:**

Tree Nuts

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**Report Highlights:**

The KORUS FTA (Free Trade Agreement) went into effect March of 2012, and the agreement's elimination of tariffs for almonds and pistachios, as well as tariff reductions for walnuts, has expanded opportunities for U.S. tree nut producers. Since the KORUS FTA, the United States has been the primary supplier of tree nuts to Korea. In total, 2015 U.S. tree nut exports exceeded 34,400 metric tons (MT), and generated over \$367 million in value. 2015 U.S. exports of walnuts exceeded 11,400 MT, resulting in a record \$129.2 million. Korea's 2015 imports of U.S. almonds surpassed 22.4 thousand metric tons (TMT), resulting in a record \$231 million. Also, 2015 U.S. shipments of pistachios topped 569 MT, generating nearly \$7.0 million in value.

## SECTION I: MARKET OVERVIEW

The KORUS FTA (Free Trade Agreement) went into effect March of 2012, and the agreement’s elimination of tariffs for almonds and pistachios, as well as tariff reductions for walnuts, has expanded opportunities for U.S. tree nut producers. Since the KORUS FTA, the United States has been the primary supplier of tree nuts to Korea. In total, 2015 U.S. tree nut exports exceeded 34,400 metric tons (MT), and generated over \$367 million in value. 2015 U.S. exports of walnuts exceeded 11,400 MT, resulting in a record \$129.2 million. Korea’s 2015 imports of U.S. almonds surpassed 22.4 thousand metric tons (TMT), resulting in a record \$231 million. Also, 2015 U.S. shipments of pistachios topped 569 MT, generating nearly \$7.0 million in value.

### 1. WALNUTS

In-Shell (HS 0802310000) and Shelled (HS 0802320000)

Korea’s demand for walnuts far surpasses local production, with the U.S. supplying the majority of domestic supply. Local walnut production is only 3 MT to 4 MT a year. Chilean walnuts entered the Korean market in 2012 for the first time, helping generate an increase of over 17 percent from 2011. 2015 U.S. exports set a record of 11.4 TMT, nearly 91 percent of Korea’s imports (see Table 1). When compared with 2011, 2015 U.S. exports increased 24 percent.

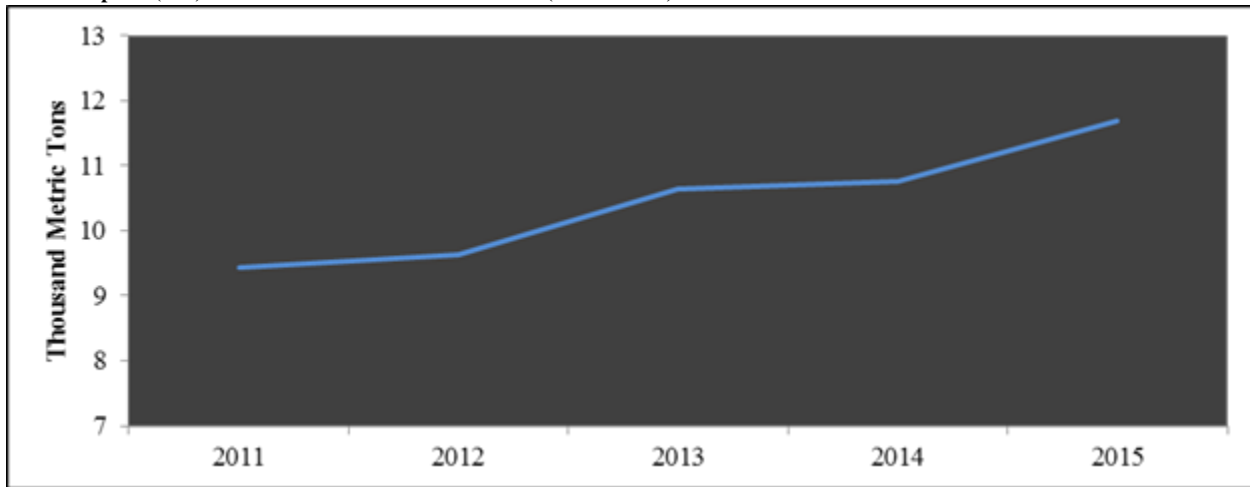
Table 1  
Walnut Import Quantity (MTs on a Shelled-Basis) and Value (Million \$) from 2011-2015

	2011		2012		2013		2014		2015	
	MT	Million \$	MT	Million \$	MT	Million \$	MT	Million \$	MT	Million \$
<b>U.S.</b>	9,193	81.3	9,419	98	10,119	107.7	10,532	122.7	11,425	129.2
<b>Other</b>	0	0	1,404	16.3	1,250	13.9	2,201	26.8	1,167	12.8
<b>U.S. (%)</b>	99.9	99.9	87.3	85.7	89.5	88.5	83.0	82.1	90.9	91.0
<b>Total</b>	<b>9,193</b>	<b>81.3</b>	<b>10,823</b>	<b>114.3</b>	<b>11,369</b>	<b>121.6</b>	<b>12,733</b>	<b>149.4</b>	<b>12,592</b>	<b>142.0</b>

Source: Korean International Trade Association (KITA)

Figure 1 presents U.S. exports of in-shell and shelled walnuts from 2011 to 2015. One can observe increasing exports to Korea each year. Table 2 presents increasing prices from 2011 to 2015, due in part to growing demand from the U.S. and abroad. However, 2016 prices fell dramatically from the previous year, due to higher yields in California (where most of Korea’s imports are sourced). Compared to 2015, the 2016 average price is lower by over \$2 per pound. Figure 2 shows U.S. exports from January to May for both 2015 and 2016. 2016 exports are lower by five percent compared to the same period the previous year.

Figure 1  
**Korea: Imports (MT) of Shelled and In-Shell U.S. Walnuts (2011 to 2015)**



Source: KITA

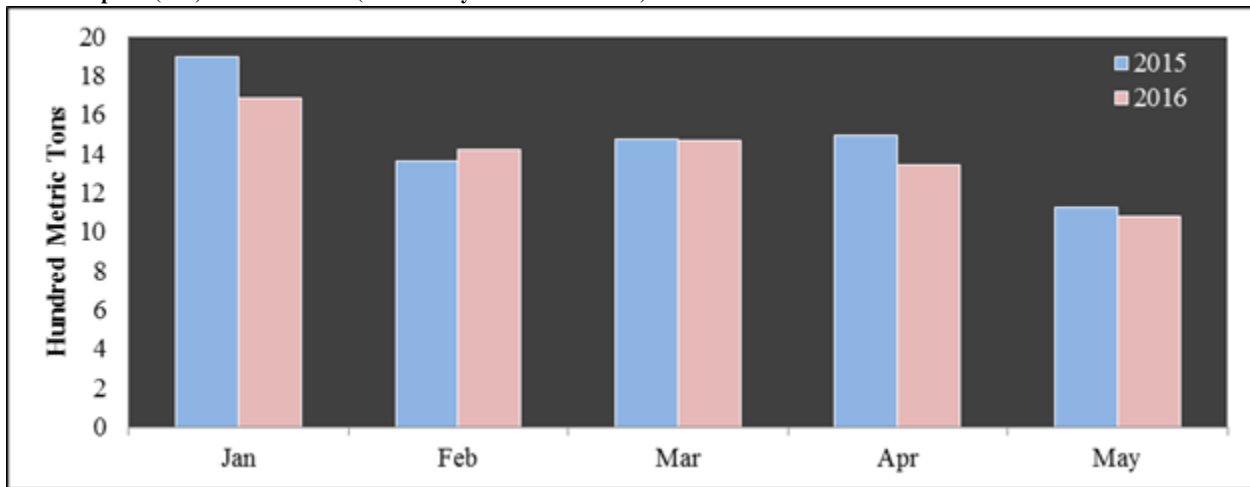
Table 2  
**Shelled Walnut Import Price (\$/lb)**

Year	2011	2012	2013	2014	2015	2016
Import Price (\$/lb)	4.02	4.70	4.80	5.27	5.10	3.04

Note: Based on CIF prices of HS 0802310000

Source: FAS Seoul estimated '\$/lb' by using data from KITA

Figure 2  
**Korea: Imports (MT) of U.S. Walnuts (Jan. to May for 2015 and 2016)**



Source: KITA

Beginning in 2017, import duties on shelled walnuts will be eliminated (see Table 3). With a 30-percent duty in 2016, tariffs on in-shell walnuts will continue to decrease three percent each year. Highly-publicized health benefits, as well as popularity among local food processors (especially bakeries), have kept demand strong. Benefits including high omega-3 content and vitamin B levels, as well as reported prevention of heart disease, have appealed to consumers. With the heightened awareness of health benefits, the demand for walnuts is expected to remain robust.

Table 3

**Import Tariffs (%) for Walnuts (2016-2019)**

HS	Description	2016	2017	2018	2019
0802310000	In-Shell	30%	27%	24%	21%
0802320000	Shelled	5%	0%	0%	0%

Source: Export.gov

Local processors continue to introduce products that incorporate walnuts, as these food products are favored among consumers of bakery and confectionery items. A traditional local snack called *Hodo Kwaja* uses walnuts as a main ingredient. There is also increased demand for walnuts from the food service sector. Positive media coverage on the effects of walnuts contributed to a major increase in retail consumption. These outlets mostly sell walnuts in shelled packaged form. Package size ranges from 100-300 grams. A new trend in the retail sector is packaging with fruit as a healthy and convenient snack.

## 2. ALMONDS

In-Shell (HS 0802110000) and Shelled (HS 0802120000)

2015 U.S. exports of almonds exceeded 22.4 TMT, and accounted for over 97 percent of Korea's total imports (see Table 4). Although 2015 shipments to Korea decreased from 2014 record set at 24.2 TMT, value surpassed \$230.5 million. When compared with 2011, 2015 exports were about \$150 million higher or 270 percent.

Table 4

**Korea: Almond Import Quantity (MT on a Shelled-Basis) and Value (Million \$) from 2011-2015**

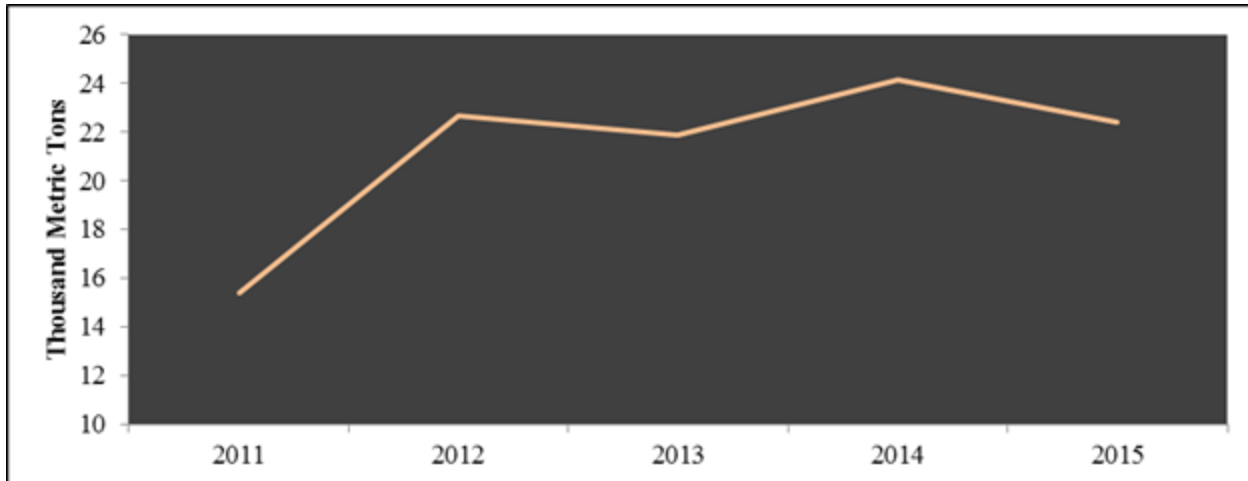
	2011		2012		2013		2014		2015	
	MT	Million \$	MT	Million \$	MT	Million \$	MT	Million \$	MT	Million \$
<b>U.S.</b>	15,386	84.7	22,670	128.6	21,856	160.9	24,123	208.47	22,415	230.57
<b>Other</b>	113	0.7	6.8	0.05	5	0.1	122	1.08	517	5.31
<b>U.S. (%)</b>	99.3	99.2	99.9	99.9	99.9	99.9	99.5	99.5	97.8	97.8
<b>Total</b>	<b>15,499</b>	<b>85.4</b>	<b>22,678</b>	<b>128.6</b>	<b>21,861</b>	<b>161</b>	<b>24,245</b>	<b>209.5</b>	<b>22,932</b>	<b>235.88</b>

Source: KITA

Figure 3 presents Korea's imports of U.S. in-shell and shelled almonds from 2011 to 2015. As seen in Table 5, prices have also increased. Compared to 2011, 2015 annual average price was \$2.0 per pound higher. However, compared to 2015, the 2016 average price was lower by \$0.90 per pound. Thus, 2016 prices have trended closer to values in 2013 and 2014. Figure 4 shows U.S. exports to Korea from January to May for both 2015 and 2016, with 2016 exports down about five percent compared to the same period last year.

Figure 3

**Korea: Imports (MT) of U.S. Almonds (January to May for 2015 and 2016)**



Source: KITA

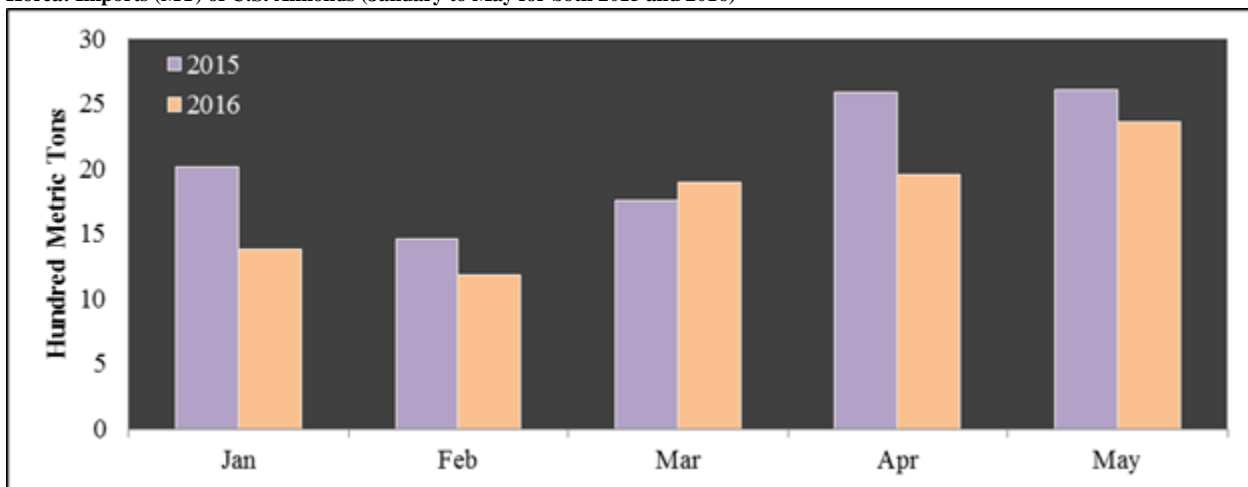
Table 5  
Average Import Price (\$/lb) for Shelled Almonds (2011-2016)

	2011	2012	2013	2014	2015	2016
Import Price (\$/lb)	2.49	2.57	3.34	3.92	4.66	3.77

Note: Based on CIF prices of HS 0802120000

Source: FAS Seoul estimated ‘\$/lb’ by using data from KITA

Figure 4  
Korea: Imports (MT) of U.S. Almonds (January to May for both 2015 and 2016)



Source: KITA

Since 2012, almonds have entered Korea duty free (see Table 6). Almost all imported almonds are shelled products. Highly-publicized health benefits and increasing popularity among local food processors, for retail purposes, have helped increase demand for U.S. almonds. By containing unsaturated fats versus saturated, almonds are known to be good for one’s heart. Recently, almonds were highlighted as a useful snack to manage weight, owing to the nuts ability to control one’s appetite. Almonds have also been touted by dermatologists for improving skin health. These factors have contributed to increasing popularity among young female consumers. Almond consumption is also led by bakeries and confectionery companies. These processors utilize almond flour, as well slivered almonds in baked products.

Table 6

**Import Tariffs for Almonds (2016-2019)**

HS	Description	2016	2017	2018	2019
0802110000	In-Shell	0%	0%	0%	0%
0802120000	Shelled	0%	0%	0%	0%

Source: Export.gov

Retail outlets have shown strong growth in processed and un-processed almond products, due to increasing consumer preference as a healthy snack. The majority of almonds are imported raw and roasted locally. Roasted almonds are the most common form sold in the retail market. Processors season roasted almonds in a diverse array of flavors (e.g. honey-butter, wasabi, sriracha, spicy hot, etc.). The most popular package sizes are around 250-300 grams. Other forms, including slivered almonds and flour, are available in small volumes for home baking. Lastly, a new trend in the retail sector is packaging almonds with fruit as a healthy and convenient snack.

### 3. PISTACHIOS

In-Shell (HS 0802510000) and Shelled (HS 0802520000)

2015 U.S. exports of pistachios to Korea surpassed 569 MT, which provided over 97 percent of global supplies to Korea (see Table 7). However, 2015 U.S. exports of pistachios were down over 32 percent from 2014. 2013 U.S. exports were the highest on record at 1,019 MT.

Table 7

**Korea: Pistachio Import Quantity (MT) and Value (Million \$) from 2011-2015**

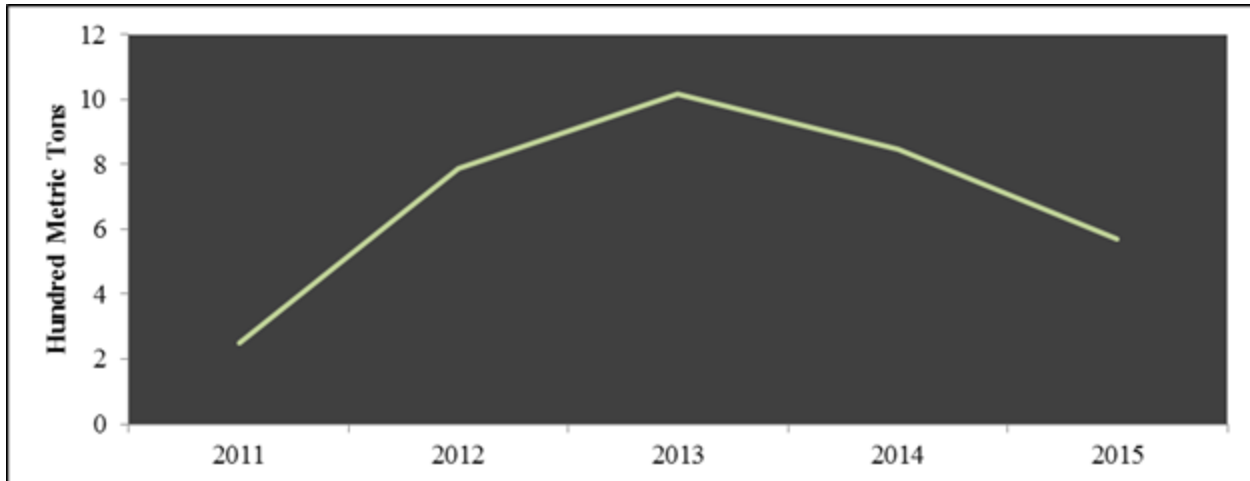
	2011		2012		2013		2014		2015	
	MT	Million \$	MT	Million \$	MT	Million \$	MT	Million \$	MT	Million \$
<b>U.S.</b>	251	2.47	787	6.67	1,019	9.12	845	9.66	569	6.99
<b>Other</b>	26	0.53	10	0.32	14	0.43	27	0.62	19	0.65
<b>U.S. (%)</b>	90.6	82.3	98.7	95.3	98.7	95.6	96.9	94	96.8	91.5
<b>Total</b>	<b>277</b>	<b>3</b>	<b>797</b>	<b>6.99</b>	<b>1,032</b>	<b>9.59</b>	<b>872</b>	<b>10.28</b>	<b>588</b>	<b>7.64</b>

Source: KITA

Figure 5 presents Korea's imports of U.S. in-shell and shelled pistachios from 2011 to 2015, showing a declining trend after the 2013 record. As seen in Table 8, prices have trended upward since that period. For both 2015 and 2016, Figure 6 shows monthly U.S. shipments from January to May. Compared to the same period last year, 2016 U.S. exports had decreased 63 percent. Market share of imports had also decreased in 2015, likely due to a reduction in U.S. production by severe drought in 2015.

Figure 5.

**Korea: Imports (MT) of U.S. Pistachios from 2011 to 2015**



Source: KITA

Table 8

**Average Import Price (\$/lb) for Pistachios (2011-2015)**

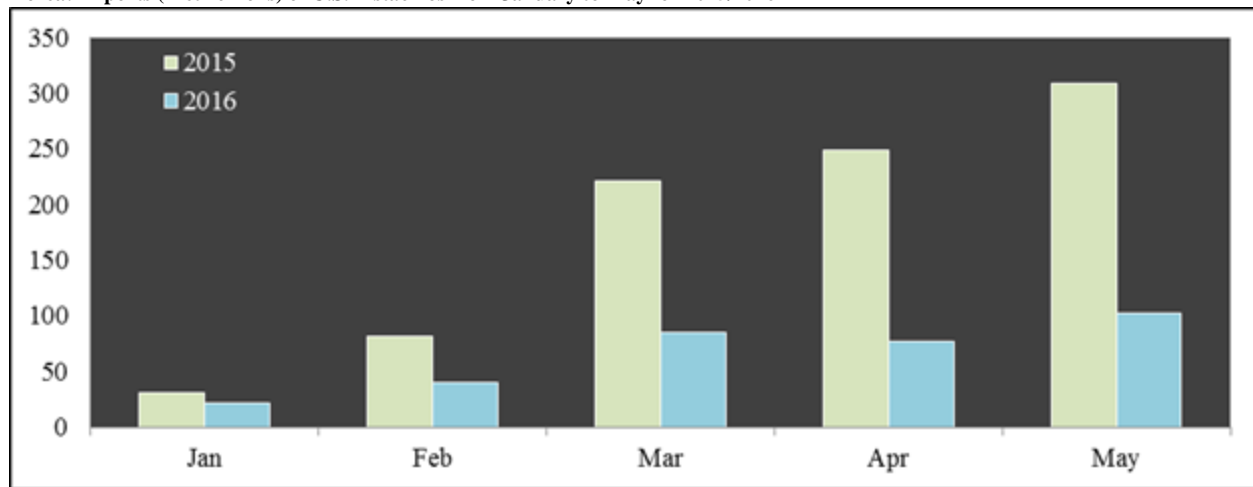
	2011	2012	2013	2014	2015	2016
<b>Import Price (\$/lb)</b>	4.46	3.84	4.08	5.18	5.57	5.81

Note: Based on CIF prices of both HS 0802110000 and HS 0802120000

Source: FAS Seoul estimated ‘\$/lb’ by using data from KITA

Figure 6

**Korea: Imports (Metric Tons) of U.S. Pistachios from January to May for 2015/2016**



Source: KITA

Since 2012, pistachios have entered Korea duty free (see Table 9). The nut has gained popularity for its health benefits, as pistachios are high in fiber, which helps control cholesterol and prevent heart disease. Within retail, in-shell pistachios are the most popular. While in-shell is enjoyed as a healthy snack or side dish, shelled products are used by the processing industry for baking, snacks (paired with fruits and other food items), and ice cream. Most pistachios are imported raw, and baked or roasted domestically. Shelled pistachios are available raw or roasted, but roasted products are commonly purchased in retail outlets. Roasted pistachios are commonly

preferred for home consumption, often due to their crispy and distinctive taste.

Table 9  
Import Tariffs (%) for Pistachios (2016-2019)

HS	Description	2016	2017	2018	2019
0802110000	In-Shell	0%	0%	0%	0%
0802120000	Shelled	0%	0%	0%	0%

Source: Export.gov

## SECTION II: MARKET ACCESS

All tree nuts including almond, walnuts, pecans, and pistachios must be accompanied by a Phytosanitary Certificate, PPQ Form 577, issued by USDA/APHIS (Animal and 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. Traders say that there are currently no significant barriers or problems in importing tree nuts from the United States to Korea.

Both in-shell and shelled walnuts require mandatory fumigation since January 2012, according to the schedules agreed between the U.S. and Korea. They are still accompanied by a Phytosanitary certificate, PPQ Form 577, issued by USDA/APHIS.

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

## SECTION III: ENTRY STRATEGY

One of the best ways to enter into the Korean market is to contact potential importers directly 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.

### A. Suggested Marketing Tools:

#### (1) ATO Newsletter

Please let us know if you want to have your product featured in the ‘New American Supplier/Product’ section in our quarterly e-newsletter, which is sent out to our 3,000 industry contacts. It is free of charge, and all we need is a brief article about your company/product, contact info, and a couple of graphic images (logos or product photos). Next issue is published in October 2016.

#### (2) Seoul Food and Hotel Show

The Seoul Food and Hotel show ([www.seoulfoodnhotel.co.kr](http://www.seoulfoodnhotel.co.kr)) is the leading food trade show in Korea and provides a venue for new-to-market suppliers to develop contacts with a large number of local distributors and buyers. This is the only show in Korea that is officially endorsed and supported by USDA/FAS. The show usually occurs in May each year. ATO Seoul collaborates with USDA cooperators and state departments of agriculture to organize a sizable U.S. pavilion at the show. For registration information, please contact the U.S. pavilion manager, Oak Overseas (Russell Hood, [Rhood@oakoverseas.com](mailto:Rhood@oakoverseas.com)). Please also note that State Regional Trade Groups (SRTG) is recruiting delegation of suppliers to the pavilion and offer certain financial incentives. For more information about SRTG delegation programs to the show (and other support available to US food and agricultural product suppliers) please contact the office that covers your geographic region.



Food Export Association of the Midwest USA 309 W. Washington St., Suite 600  
Chicago, Illinois 60606  
Telephone: 312-334-9200 Fax: 312-334-9230  
E-mail: thamilton@foodexport.org Website: www.foodexport.org

Western United States Agricultural Trade Association (WUSATA) 2500 Main Street, Suite 110, Vancouver, WA  
98660-2697, USA  
Telephone: 360-693-3373 Fax: 360-693-3464  
E-mail: janet@wusata.org Website: www.wusata.org

Food Export USA - Northeast Region of the United States 150 S. Independence Mall West, 1036 Public Ledger  
Building Philadelphia, PA 19106, USA  
Telephone: 215-829-9111 Fax: 215-829-9777  
E-mail: jcanono@foodexportusa.org Website: www.foodexportusa.org

Southern United States Agricultural Trade Association (SUSTA) 2 Canal Street Suite 2515, New Orleans, LA  
70130, USA Telephone: 504-568-5986 Fax: 504-568-6010  
E-mail: jim@susta.org Website: [www.susta.org](http://www.susta.org)

**B. Additional Market Information:**

Please visit our internet homepage ([www.atoseoul.com](http://www.atoseoul.com)) for information on the Korean market and product/industry reports. In particular we would like to draw your attention to our Korea Exporter Guide 2015, which contains key market information for new-to-market suppliers. Please note that our homepage also has a special section dedicated to the Korea-U.S. Free Trade Agreement.

## **SECTION IV : 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 PO, AP 96205-5550  
Telephone: 822 6951-6848 Fax: 822 720-7921  
E-mail: atoseoul@usda.gov Website: www.atoseoul.com

### **Agricultural Affairs Office**

Korean Address:  
U.S. Embassy, 32, Sejong-ro, Chongro-ku, Seoul, Korea telephone: 82-2 397-4297  
Fax: 82-2 738-7147  
E-mail: agseoul@fas.usda.gov

USDA, Animal Plant and Health Inspection Service (APHIS)

Korean Address:

Room 303, Leema Building, 146-1, Susong-dong, Chongro-ku, Seoul, Korea telephone: 82-2 725-5495

Fax: 82-2 725-5496

Website: www.aphis.usda.gov

U.S. Address:

USDA, APHIS, PPQ, 4700 River Road, Unit 140, Riverdale, MD 20737 Telephone: 301-734-8262

Fax: 301-734-7639

## Appendix

Table 10.

**U.S.: MY of Production, Supply, and Demand (MT) of Walnuts (In-Shell Basis)**

PSD	2012/13	2013/14	2014/15	2015/16
<b>Total Supply</b>	506,224	503,381	579,463	596,631
<b>Domestic Production</b>	450,871	446,335	517,095	521,631
<b>Ending Stocks</b>	41,629	34,988	45,000	40,000
<b>Imports</b>	10,885	15,417	27,380	30,000
<b>Exports</b>	310,329	313,471	364,404	375,000
<b>Domestic Production for Export</b>	69%	70%	70%	72%

Note: Marketing Year (MY) is September-August

Source: Foreign Agricultural Service (USDA)

Table 11.

**U.S.: MY of Production, Supply, and Demand (MT) of Almonds (Shelled Basis)**

PSD	2012/13	2013/14	2014/15	2015/16
<b>Total Supply</b>	1,027,226	1,071,001	1,021,429	1,005,299
<b>Domestic Production</b>	857,290	911,720	848,220	816,470
<b>Ending Stocks</b>	143,891	159,013	170,829	115,299
<b>Imports</b>	17,892	15,390	14,196	18,000
<b>Exports</b>	581,101	606,364	575,541	600,000
<b>Domestic Production for Export</b>	68%	67%	68%	73%

Note: Marketing Year (MY) is August-July

Source: Foreign Agricultural Service (USDA)

Table 12.

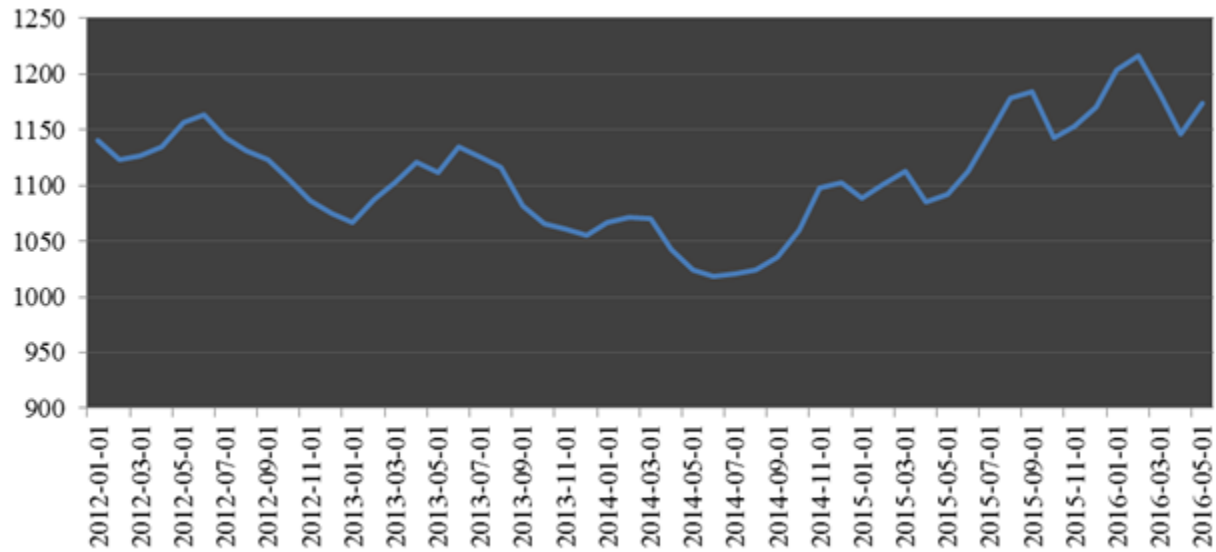
**U.S.: MY of Production, Supply, and Demand (MT) of Pistachios (In-Shell Basis)**

PSD	2012/13	2013/14	2014/15	2015/16
<b>Total Supply</b>	271,197	292,413	263,297	269,165

<b>Domestic Production</b>	201,395	249,929	213,188	233,147
<b>Ending Stocks</b>	41,125	49,494	34,978	74,803
<b>Imports</b>	977	1,359	615	1,040
<b>Exports</b>	156,627	166,915	177,488	137,714
<b>Domestic Production for Export</b>	78%	67%	83%	59%

Note: Marketing Year (MY) is September-August  
Source: Foreign Agricultural Service (USDA)

Figure 7  
**¥/US Monthly Exchange Rate (01/2012 – 06/2016)**



Source: Federal Reserve Bank of St. Louis