



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 2/1/2005

GAIN Report Number: KS5004

Korea, Republic of

Product Brief

Fresh Stone Fruit

2005

Approved by:

Marcus Lower, Director
Agricultural Trade Office

Prepared by:

Kim, Seh Won, Senior Marketing Specialist

Report Highlights:

Fresh cherries are the only U.S. stone fruit allowed for import into Korea. Total imports of U.S. fresh cherries increased significantly from \$1.4 million in 2001 to \$5.8 million in 2004. The United States is the dominant supplier of fresh cherries to Korea, by supplying over 90 percent of total imports.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Seoul ATO [KS2]
[KS]

SECTION I. MARKET OVERVIEW

Among U.S. fresh stone fruit, only fresh cherries are currently allowed into Korea. Fresh peaches, nectarines, plums and apricots from the United States are import-prohibited due to phytosanitary reasons. Contact the U.S. Department of Agriculture, Animal and Plant Health Inspection Service (APHIS) for further details (See Section V. for contact information).

The market for fresh cherries is still small, but is rapidly expanding. Total imports of fresh cherries have grown from \$1.4 million in 2001 to \$5.8 million in 2004. The United States is the dominant supplier of fresh cherries to Korea, supplying over 90 percent of total fresh cherries imports. In 2004 Korea imported \$5.4 million of fresh cherries from the United States, and \$466,000 from New Zealand.

Cherry imports grew steadily in the past ten years. In 2003, however, imports grew significantly due to several factors. Consumers concerned with their health (called the "well-being" trend in Korea) and interested in trying new foods, increased purchases of cherries. In addition, 2004 was the first year that all varieties of cherries were permitted for import, prior to that only the Bing variety was accepted. The trade forecasts that imports of Korean fresh cherries will increase by 20 to 30 percent in 2005.

The cherry varieties produced in the United States are not grown in Korea. Therefore, there is no direct competition with locally produced cherries.

Table 1. Fresh Cherries Imports in Korea

(Unit: Value=\$1,000, Volume=MT)

Year	USA		New Zealand		Total	
	Value	Volume	Value	Volume	Value	Volume
2001	1,182	184	183	21	1,365	205
2002	1,497	240	192	20	1,689	260
% chg	26.6	30.4	4.9	-4.8	23.7	26.8
2003	3,826	665	285	26	4,111	691
% chg	155.6	177	48.4	30	143.4	165.8
2004	5,351	707	466	42	5,817	749
% chg	39.9	6.3	63.5	61.5	41.5	8.4

*Sources: Korea Trade Information Service

Table 2. Stone Fruit Production in Korea

(Unit: Area=Hectare, Production=MT)

Year	Peaches/Nectarines		Plums	
	Cultivated Area	Production	Cultivated Area	Production
1998	12,012	151,313	3,615	39,006
1999	12,942	157,177	4,098	43,971
2000	12,876	170,044	4,731	51,723
2001	14,412	166,275	5,303	57,874
2002	15,598	187,542	5,939	75,572
2003	15,880	189,413	6,452	77,438

*Source: Agricultural & Forestry Statistical Yearbook 2004

Published data for apricot production is not available

Table 3. Advantages and Disadvantages Facing U.S. Exporters

Advantages	Disadvantages
U.S. cherry varieties are well known to local consumers.	Import tariff rate for cherries is 24%.
Growth in hypermarkets offers better venues for U.S. cherries sales.	Cherries are still too expensive for most consumers.
U.S. cherry varieties are not produced in Korea.	Korean consumers prefer local fruits to imports.
Current "well-being" trend favors increased consumption of natural, fresh food products, like cherries	Fresh stone fruit other than cherries are import-prohibited from the U.S.

SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

It is reported that about 50 percent of imported cherries are sold at large supermarkets, department stores and hypermarkets. The remaining 50 percent are sold at grocery stores, general markets, and smaller neighborhood supermarkets. Fresh cherries generally clear Korean Customs in a day, as quality and freshness are critical. No major obstacles or non-tariff barriers currently exist.

Korean retailers rarely import food products directly preferring to work through importers and/or wholesalers to source foreign products, such as cherries. As a result U.S. fresh cherry exporters or suppliers are advised to contact Korean importers to explore possible market opportunities. The distribution channel for fresh cherries is generally as follows:



SECTION III. COSTS AND PRICES

Fresh cherries are generally imported on palettes via air. The tariff rate for fresh cherries is 24 percent imposed on the CIF value. The 10 percent VAT (Value Added Tax), generally applied to processed agricultural and food products, is not applied to fresh cherries. It is reported that the total cost of customs duties, handling charges, inspection fees, transportation charges and storage charges is about 45-50 percent of the CIF price.

The markups or margins reportedly fluctuate depending on the supply and demand of fresh cherries, and competition. Importers generally add about 10 percent onto the price before selling to wholesalers, who, likewise, add about 10 percent before selling to retailers. The retailers then add 20-30 percent to arrive at the final consumer price.

SECTION IV. MARKET ACCESS**Phytosanitary Requirements for U.S. Fresh Cherries in Korea**

(Unofficial Embassy Translation)

1. Application: U.S. fresh cherries, which are produced in the areas certified to be free of *Blumeriella jaapii*, a cherry disease (prohibited pest), and which are fumigated with methyl bromide (MB) prior to shipment (hereinafter referred to as "U.S. fresh cherries"), can be imported into Korea according to the requirements below.

- o Areas certified to be free of *Blumeriella jaapii*
 - California State (13 counties): Calaveras, Contra Costa, Fresno, Kern, Kings, Madera, Merced, Sacramento, San Benito, San Joaquin, Santa Clara, Stanislaus, Tulare
 - Washington State (11 counties): Adams, Benton, Chelan, Douglas, Franklin, Grant, Kittitas, Klickitat, Okanogan, Walla Walla, Yakima
 - Idaho State (6 counties): Ada, Canyon, Gem, Payette, Twin Falls, Washington
 - Oregon State (2 counties): Umatilla, Wasco

2. Method of Transportation: U.S. fresh cherries shall be imported as ship cargo, air cargo, or as passenger air baggage.

3. Fumigation at the Place of Origin: U.S. fresh cherries shall be fumigated before they are packed in accordance with the following fumigation schedule at a fumigation facility approved by the U.S. Department of Agriculture, Animal and Plant Health Inspection Service (APHIS), and APHIS shall confirm the results of the fumigation:

- o Fumigation Schedule

Method of Fumigation				
Fumigant	Dosage (g/m ³)	Temperature (°C)	Duration (hour)	Atmosphere
MB	64	6 – 12	2	*N.A.P.
MB	48	12 – 17	2	*N.A.P.
MB	40	17 – 22	2	*N.A.P.
MB	32	22 and above	2	*N.A.P.

*N.A.P. stands for Normal Atmospheric Pressure

4. Packing and Place of Packing: After U.S. fresh cherries are fumigated according to the schedule shown in Part 3 above, they shall be packed at a place equipped with an insect preventing mechanism which precludes the risk of the infestation of the prohibited pests, and they shall be packed using packing materials which prevent infestation during transport.

5. Inspection and Certification at the Place of Origin:
- A. After the U.S. fresh cherries are fumigated according to the schedule shown in No. 3 above, they shall be inspected by APHIS, and accompanied by an APHIS issued phytosanitary certificate.
 - B. The phytosanitary certificate shall bear the following information:
 - (1) Description of fumigation (fumigant, dosage, temperature, duration, etc.)
 - (2) Place of origin (including the name of the county)

- (3) Additional declaration that states "as a result of the inspection, this shipment of cherries are believed to be free of harmful pests prohibited by Korea, *Stigmia carpophila* and *Blumeriella jaapii*".
- C. Each carton of the U.S. fresh cherries which have passed the inspection shall be sealed by the APHIS and shall bear a mark indicating that the cherries have passed the inspection.
6. Inspection at the Port of Entry in Korea: The Korean plant quarantine officer shall inspect the U.S. fresh cherries at the port of entry (sea port or airport), and the following phytosanitary measures shall be taken as a result of the inspection:
- A. If the U.S. fresh cherries fall under the following categories, they shall be destroyed or returned to origin:
- (1) In the event that the following prohibited pests are detected:
Cydia pomonella, *Cydia prunivora*, *Anarcia lineatella*,
Rhagoletis indifferens, *Rhagoletis pomonella*, *Rhagoletis fausta*
 - (2) In the event that the U.S. fresh cherries are not accompanied by a phytosanitary certificate
 - (3) In the event that the phytosanitary certificate lacks the information required in Part 5-B above
 - (4) In the event that the cartons are not sealed
 - (5) In the event that the cartons do not bear the mark indicating that they have passed the inspection
 - (6) In the event that the cartons are damaged
- B. In the event that the U.S. fresh cherries are infected with *Blumeriella jaapii*, they shall be destroyed or returned to origin. The import of U.S. fresh cherries from the specific county of origin shall be suspended until the cause of the infection is verified and appropriate correction measures taken.
- C. Disposal and inspection methods for pests other than those mentioned above shall be in accordance with relevant regulations of the Korean Plant Protection Act.

SECTION V. 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: US Embassy Seoul, Unit 15550-ATO
APO, AP 96205-5550

Telephone: 82-2 397-4188 Fax: 82-2 720-7921

E-mail: atoseoul@usda.gov Website: www.atoseoul.com

Agricultural Affairs Office

Korean Address: U.S. Embassy, 82, Sejong-ro, Chongro-ku, Seoul, Korea

U.S. Mailing Address: US Embassy Seoul, Unit 15550-AgAff, APO, AP 96205-5550
Telephone: 82-2 397-4297 Fax: 82-2 738-7147
E-mail: agseoul@usda.gov

For further information about sanitary and phytosanitary requirements, please contact:

USDA, Animal Plant and Health Inspection Service (APHIS)
Korean Address: Room 303, Leema Building
146-1, Susong-dong, Chongro-ku, Seoul, Korea

U.S. Mailing Address: US Embassy Seoul, Unit 15550
APO, AP 96205-5550

Telephone: 82-2 725-5495 Fax: 82-2 725-5496
E-mail: aphis@kornet.net Website: www.aphis.usda.gov

U.S. Address: USDA, APHIS, PPO
4700 River Road, Unit 140, Suite C-35, River Dale, MD 20737
Telephone: 301-734-6653 Fax: 301-734-7639

Additional information on stone fruit products can be found at the Foreign Agricultural Services' Horticultural and Tropical Products Division homepage
http://www.fas.usda.gov/http/horticulture/stone_fruit.html.

General information about the Foreign Agricultural Service can be found at
<http://www.fas.usda.gov>.