



## ATTACHE QUERY DETAIL

CLASSIFICATION: Unclassified, not official USDA data

---

AGR Number: KS7010

---

From: American Embassy, Seoul  
To: USDA/FAS Washington D.C.  
Country: KS  
Year: 1997  
Report Code: 48 Post Report Sequence Number: 002

---

Report Title: KIWIFRUIT  
Report Type: V - Voluntary Report  
Report Subject: Korea Market Briefs on Kiwifruit  
Approved By: DAVID M. SCHOONOVER  
Drafted By: D.B. Voboril/Y.J. Kim

---

Security Classification: Unclassified, not official USDA data

---

Date Due (MM/DD/YY): 02/21/97

---

Report Code: KS9748V                      AGR Number: KS7010                      Page: 1  
KIWIFRUIT

---

### I. MARKET PROSPECTS

Korean kiwifruit production for marketing year 1996 (MY96) is estimated at 13,000 metric tons (mt), a slight increase from MY95. Reportedly, however, the quality is poor--smaller size with high moisture content--due to unfavorable weather conditions. This poor quality may reduce the commercial value of the domestic crop and lead to greater demand for imported fruit.

Kiwifruit imports for MY95 increased to 6,300 MT, up 22 percent from the previous year. As Korea's only off-season source of kiwifruit, New Zealand continues to dominate the import market. Imports from New Zealand increased by 57 percent, mainly due to improved distribution channels. Increase supply in MY95 led to lower retail prices.

With the possible removal of the phytosanitary restrictions on Chilean kiwifruit later this year, importers anticipate up to 2,000 mt of imported Chilean kiwifruit in MY96. Chilean kiwifruit would compete with New Zealand fruit in the Korean off-season, expanding the local consumption of kiwifruit.

Korean consumers' consumption patterns for fresh fruit are changing as market liberalization leads to more choices. According to market sources, kiwifruit is expected to become one of the most popular imported fruits in the near future. In recent years, Korea's imported fruit market has been dominated by bananas, pineapples, and grapefruit. These were the first fruits to be liberalized and have annually accounted for almost 85 percent of total imported fruit. However, market share for these fruits are expected to drop as market liberalization offers better

opportunities for other fruits. Within the next few years, the top three imported fruits are expected to be oranges, grapes, and kiwifruit.

## II. BACKGROUND

**PRODUCTION:** Korean kiwifruit production for MY96 is estimated at 13,000 tons by the Ministry of Agriculture and Forestry (MAF), up slightly from 12,184 tons in MY95. There was no change in planted area. The quality of the crop, however, is reported as poor. Low temperature during the period of flowering and pollination, combined with dry weather during the growing season, resulted in a smaller fruit size. The ratio of large sized fruit (above 100 gram/piece) is estimated at 20 percent compared to the level of 30-40 percent in normal years. Also, the fruit reportedly has a high moisture content due to rainy weather during the mid-October harvest period. This led to fast maturation and softer fruit. The poor quality may reduce the marketing period and commercial value of the fruit.

**CONSUMPTION:** Kiwifruit is becoming increasingly popular among Korean consumers. Since 1990, consumption has increased annually by more than 10 percent, rising from approximately 6,000 MT in 1990 to more than

Report Code: KS9748V  
KIWIFRUIT

AGR Number: KS7010

Page: 2

---

18,000 MT in 1996. The Korean consumption of kiwifruit per capita is approximately 400 grams. Most kiwifruit is consumed fresh. About 10 percent of the lower quality fruit is processed into kiwi juice and other miscellaneous products in the bakery and confectionary industry. The Seoul metropolitan area accounts for more than 60 percent of total fresh consumption. Domestic production has accounted for approximately two-thirds of local consumption while imports have accounted for approximately one-third. The hotels and restaurants are the dominant sectors, accounting for approximately one-half of total consumption.

**MARKETING and DISTRIBUTION:** Domestic kiwifruit are harvested from mid-October through early November. The marketing period is from November through April. Between 60-70 percent of the domestic fruit is marketed in the Seoul metropolitan area. Of this amount, approximately 30 percent is auctioned at the Karak Wholesale Market and 70 percent is sold directly through sales agents. In many cases, local kiwifruit are traded in 10kg carton box (containing 78 to 155 pieces) and sold in street markets at lower prices, while imported kiwifruit are traded in 3 to 3.3kg trays (30 to 33 pieces) and sold in department stores through large distribution companies. Due to the smaller and more presentable packaging, imported kiwifruit are popular as gift packs during the holiday seasons--such as Christmas, the Solar New Year, and the Lunar New Year.

**PRICES:** In general, both local and imported kiwifruit are trading at lower prices compared to last year. A slowdown in the Korean economy has generally affected consumption of all food items, including fruits. Also, the lower market prices of kiwifruit were attributed to increased competition from New Zealand fruit.

## III. COMPETITION

New Zealand has annually dominated the import market as Korea's only off-season source of kiwifruit. For MY95, New Zealand kiwifruit accounted for 75 percent of total imported kiwifruit with the United States accounting for the remaining 25 percent. New Zealand's market share accounted for 58 percent in 1995. This increase is due largely to a shift in the import channel from sole agent to multiple agents--including the Korean Kiwifruit Association, and Sooil Commerce Co.-- which came along with the Korean government's ban on monopoly in private business.

Competition among these multiple importers led to lower prices, affecting prices of both of local and imported fruits.

While consumers' demand for higher quality fruit continues to grow, New Zealand fruit is popular among consumers due to its large size, skin color, consistent shape, flesh firmness, and convenient packaging. However, there is reportedly minimal taste difference between domestic and imported fruits since they are from the same 'Hayward' cultivar.

U.S. kiwifruit is at a competitive disadvantage in the import market

Report Code: KS9748V

AGR Number: KS7010

Page: 3

KIWIFRUIT

since it competes directly with local products. The import of US kiwifruit for MY95 dropped by 27 percent from the previous year, largely due to an abundant local harvest. U.S. kiwifruit have faced a number of market access barriers in the past, such as a prevailing national campaign for buying local agricultural products, general and unsubstantiated food safety scares by local consumer groups against imported food products, and restrictive import inspection procedures.

For MY96, however, the Agricultural Affairs office has not received any complaints to date from importers about mandatory fumigation of U.S. kiwifruit by plant quarantine authorities. This has been a major barrier in recent years.

Chilean kiwifruit has been import prohibited by the Plant Protection Act due to plant quarantine concerns. Though not yet finalized, Korean quarantine officials are reportedly in the final stages of approving the importation of Chilean kiwifruit. If approval comes before the Chilean marketing season, local importers expect Chilean imports to reach about 2,000 mt in MY96. Chilean kiwifruit would directly compete with New Zealand kiwifruit during the Korean off-season, expanding Korean's overall kiwifruit consumption.

#### IV. IMPORTS

Kiwifruit imports for MY95 increased to 6,300 mt, up 22 percent from the previous year. Major fruit importers anticipate that kiwifruit imports for MY96 will increase by 20 percent to 7,500 mt. The increase may largely come from New Zealand kiwifruit with U.S. kiwifruit expected to remain same level. The tariff for fresh kiwifruit is 48.5% for 1997, imposed on CIF value, and will be reduced by 0.5% per year through 2004 when the tariff will be bound at 45%.

Report Code: KS9748V

AGR Number: KS7010

Page: 4

KIWIFRUIT

#### [APPENDIX]

Global Economic Data Exchange System  
Commodity: Kiwifruit (0579500) (HECTARES) (METRIC TONS)  
Beg. Month/Year of Marketing Year  
KOREA

|                      | 10/94               |      | 10/95              |      | 10/96                |      |
|----------------------|---------------------|------|--------------------|------|----------------------|------|
|                      | Revised 1994<br>Old | New  | Prelim 1995<br>Old | New  | Forecast 1996<br>Old | New  |
| Bearing Area         | 0                   | 1240 | 0                  | 1330 | 0                    | 1350 |
| Non-Bearing Area     | 0                   | 140  | 0                  | 140  | 0                    | 150  |
| TOTAL Area Planted   | 0                   | 1380 | 0                  | 1470 | 0                    | 1500 |
| TOTAL Area Harvested | 0                   | 1240 | 0                  | 1330 | 0                    | 1350 |

|                      |   |       |   |       |   |       |
|----------------------|---|-------|---|-------|---|-------|
| TOTAL Production     | 0 | 8741  | 0 | 12184 | 0 | 13000 |
| Imports              | 0 | 5164  | 0 | 6291  | 0 | 7500  |
| TOTAL SUPPLY         | 0 | 13905 | 0 | 18475 | 0 | 20500 |
| Exports              | 0 | 0     | 0 | 0     | 0 | 0     |
| Domestic Consumption | 0 | 13905 | 0 | 18475 | 0 | 20500 |
| TOTAL DISTRIBUTION   | 0 | 13905 | 0 | 18475 | 0 | 20500 |

Source: Ministry of Agriculture and Forestry (MAF).

KOREA: KIWIFRUIT PRODUCTION (Ha, MT)

| YEAR    | Planted Area | Production |
|---------|--------------|------------|
| 1985    | 246          | 643        |
| 1990    | 813          | 5,460      |
| 1991    | 846          | 6,420      |
| 1992    | 989          | 8,263      |
| 1993    | 1,131        | 8,538      |
| 1994    | 1,379        | 8,741      |
| 1995    | 1,470        | 12,184     |
| 1996 a/ | 1,500        | 13,000     |

Source: MAF

a/ MAF preliminary data

KOREA: MARKET SHARE BY COUNTRY OF ORIGIN  
UNIT: Metric Ton and Percent

| MY    | KOREA (%)    | NZ (%)      | US (%)      | JAP(%)  | TOTAL  |
|-------|--------------|-------------|-------------|---------|--------|
| 92/93 | 8,263 (75%)  | 2,160 (19%) | 628 (6%)    | 14 (0%) | 11,065 |
| 93/94 | 8,538 (67%)  | 2,512 (19%) | 1,791 (14%) | 48 (0%) | 12,889 |
| 94/95 | 8,741 (70%)  | 3,000 (17%) | 2,164 (12%) | 0 (0%)  | 13,905 |
| 95/96 | 12,184 (67%) | 4,712 (24%) | 1,579 (8%)  | 0 (%)   | 18,475 |

Source: MAF, Korean Customs Service (KCS)

Report Code: KS9748V  
KIWIFRUIT

AGR Number: KS7010

Page: 5

KOREA: IMPORTS OF KIWIFRUIT  
UNIT: MT, \$1,000

|        | MY92/93 |      | MY93/94 |      | MY94/95 |      | MY95/96 |       |
|--------|---------|------|---------|------|---------|------|---------|-------|
|        | Vol.    | Val. | Vol.    | Val. | Vol.    | Val. | Vol.    | Val.  |
| N.Z.   | 2160    | 3353 | 2512    | 4182 | 3000    | 5000 | 4712    | 8519  |
| U.S.A. | 628     | 1100 | 1791    | 3681 | 2164    | 4585 | 1579    | 3135  |
| Japan  | 14      | 20   | 48      | 70   | 0       | 0    | 0       | 0     |
| Total  | 2802    | 4473 | 4351    | 7933 | 5164    | 9585 | 6291    | 11654 |

Source: KCS

AVERAGE IMPORT PRICES OF KIWIFRUIT BY COUNTRY  
(\$/MT, CIF basis)

|             | MY93/94 | MY94/95 | MY95/96 |
|-------------|---------|---------|---------|
| New Zealand | \$1,665 | \$1,667 | \$1,808 |
| USA         | \$2,055 | \$2,119 | \$1,985 |

Source: KCS

WHOLESALE (AUCTION) PRICES OF KIWIFRUIT IN KOREA, (\$/Kg)

| Local | Imported |
|-------|----------|
|-------|----------|

|      | Premium |      | Premium |      |
|------|---------|------|---------|------|
|      | 1995    | 1996 | 1995    | 1996 |
| JAN  | 3.10    | 2.60 | 3.69    | 3.21 |
| FEB  | 3.18    | 2.29 | 4.05    | 3.48 |
| MAR  | 3.74    | 2.37 | 3.53    | 3.47 |
| APR  | 3.61    | 2.02 | 3.39    | 3.79 |
| MAY  | 2.89    | -    | 3.62    | 3.75 |
| JUNE | -       | -    | 3.51    | 3.67 |
| JULY | -       | -    | 3.94    | 4.04 |
| AUG  | -       | -    | 3.83    | 4.01 |
| SEP  | -       | -    | 4.28    | 3.68 |
| OCT  | 2.85    | -    | 4.47    | 3.43 |
| NOV  | 2.18    | 2.51 | 3.56    | 2.97 |
| DEC  | 2.52    | -    | 3.51    | -    |

Note: - Based on Auction Prices at Karak Wholesale Market  
- Annual Average Exchange Rate (Korean Won per US dollar)  
806.91 Won in 1996  
769.63 Won in 1995

END OF REPORT

 [Return to Search Page](#)

**FAS Home Index Search E-Mail Other Links USDA**