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Post: Seoul ATO

Pomegranate

Report Categories:

Fresh Fruit

Approved By:

Michael Fay; Director, Agricultural Trade Office

Prepared By:

Dale J. Novotny

Report Highlights:

In the past two years, the U.S has gained a 99 percent market share of imported pomegranates in South Korea due to a devastating freeze and consecutive bad crop years in Iran, Korea's past top exporter. A great opportunity to secure this market has presented itself as Korean importers prefer the uniformity and consistency of U.S. pomegranates. Pomegranates are increasing in popularity and there is currently not enough supply to meet demand.

General Information:

MARKET OVERVIEW

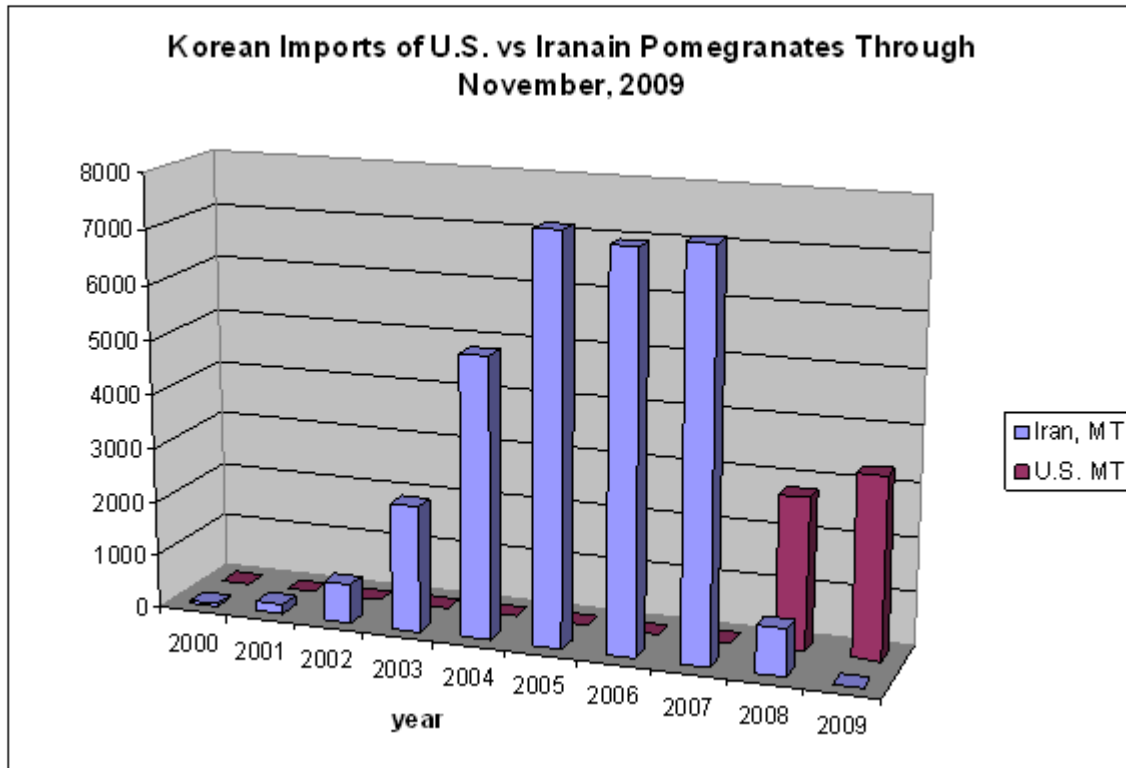
The relatively new market for pomegranates in South Korea has presented U.S. pomegranate exporters

a chance to secure market share in this large and dynamic economy. Korea was the world's 14th largest economy in 2008 with a GDP of \$1.34 trillion on a purchasing power parity (PPP) basis [1] . Per capita GDP (PPP) was \$27,600 in 2008. In 2006, 35 percent of total grocery sales came from fresh food sales, with the bulk spent on fruits and vegetables [2] . This trend has continued as Korean consumers increasingly value health and functional foods and respond well to increased mass media advertising of these products.

Due to a devastating freeze and consecutive bad crop years, Iran, Korea's top exporter of pomegranates in the past, has lost the majority market share of this commodity to U.S. exporters. Though imported U.S. pomegranates and pomegranate products are very new to the market, there is potential to secure and expand this market.

- In 2008, The United States held a 99 percent market share of imported pomegranates in Korea valued at US\$ 5.5 million; a figure that has grown to \$6.9 million through November of 2009.
- As consumers per capita GDPs increase, more diversity of luxury health and fresh fruit products is demanded.
- U.S. pomegranates are perceived as fresh and high-quality.
- Importers prefer U.S. fresh pomegranates because the fruit are more uniform and consistent in color, shape and size than those imported from other countries.
- The current 30 percent import tariff on U.S. pomegranates will be phased out immediately upon ratification of the Korea-U.S. Free Trade Agreement (KORUS FTA) concluded in April of 2007.

Figure 1



Source of data: KOTIS, 2009

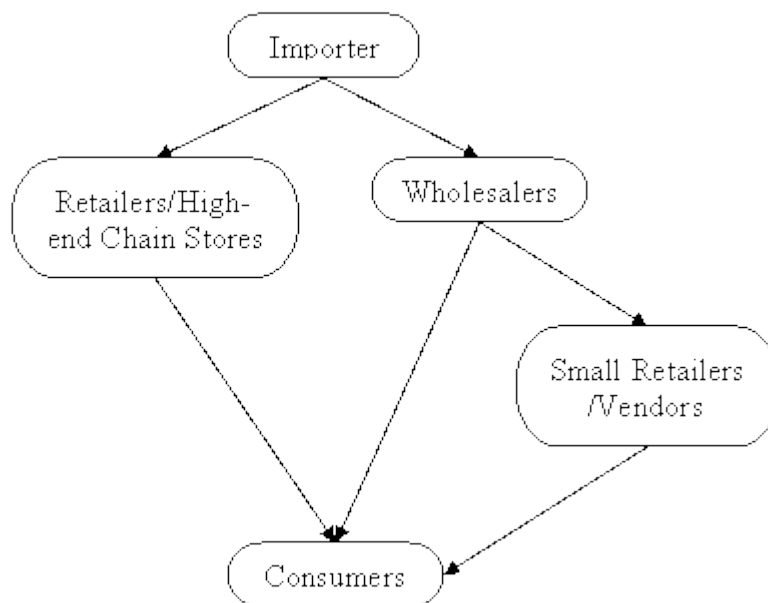
MARKET SECTOR THREATS AND OPPORTUNITIES

- There is no local pomegranate production in Korea, 100 percent of the market is imported.
- Due to an early season freeze and subsequent crop loss for Iran, the major supply source of imported pomegranates, Korean importers were introduced to U.S. pomegranates. Importers have found U.S. pomegranates to be a favorable substitute, and have increased imports in 2009. One industry source claims that there are currently not enough U.S. pomegranates being imported to satisfy the growing demand for this commodity.
- According to an industry source, Iran's instable currency is also an issue for Korean importers and another reason why U.S. pomegranates have an opportunity to secure a lasting majority share of this market.
- Pomegranates are grouped into an "other" HS code (0810909000) because they are a relatively new and low-volume commodity in the Korean market. Therefore, official import statistics specific to pomegranates do not exist. According to an industry source, however, pomegranates account for around 99 percent of the HS code they are grouped under and HS code 0810909000 can be used to assess the pomegranate market.
- The sharp decreases of supply seen in figures 1 and 2 after 2007 reflect the bad season for Iranian Pomegranates. According to an industry source, in 2009 there is still currently not enough supply to meet the growing demand for pomegranates.

MARKETING/LABELING

- Imported fresh pomegranates are not required to be fumigated, but according to an industry source, most importers will opt to fumigate because it saves time in the inspection process and the fruit has a short shelf life. Fumigation, however, disqualifies the fruit for organic certification in Korea. Organic produce is a growing and profitable trend.
- Many Korean consumers believe pomegranates increase estrogen levels, and some believe the fruit is good for joints.
- Fresh pomegranates are most commonly sold for KRW5,000 (about US\$4.50) apiece.
- Attending a Korean food show is a great way to gain access to the market. Seoul Food & Hotel Korea is a trade-only international food show event that is endorsed by USDA's Foreign Agricultural Service. Seoul Food & Hotel is recommended for U.S. suppliers of fresh produce. For more information on attending this show, please contact ATO Seoul.

Distribution Channel



Labeling

- Fresh fruits that are not individually packaged are exempt from individual labeling requirements
- The Korea Food and Drug Administration (KFDA) is in charge of establishing labeling standards and conducting food inspections upon arrival. A typical label must include the following information in English and must be accompanied by a Korean language label sticker that can be applied at port:

1. **Product Name.** The product name should be identical to the product name declared to the licensing/inspection authority.
2. **Product type.** This is mandatory for specially designated products, such as teas, health supplementary foods, etc.
3. **Country of Origin**
4. **Importer's name and address, and the address where products may be returned or exchanged** in the event of defects.
5. **Manufacture date** (date, month, and year).
6. **Shelf life:** If various kinds of products are packaged together, the shelf life expiration date of the product with the shortest life should be noted on the label.
7. **Contents.** Weight, volume or number of pieces should be indicated. If the number of pieces is shown, the weight or volume must be indicated in parentheses.
8. **Ingredient names and content.** Effective September 7, 2006, the names of all ingredients have to be included on the Korean language label. Artificially added purified water and names of ingredients used to make a composite raw ingredient amounting to less than five percent of the product in weight will be excluded from the requirement. In this case, only the name of the composite raw ingredient must be listed on the Korean language label. In the case of a composite raw ingredient amounting to over five percent of the product by weight, the names of all ingredients contained in the composite raw ingredient must be listed on the Korean language label. Ingredients must be listed in order of predominance by weight. Food additives must also be listed by full name, abbreviated name, or purpose on the label (e.g. Ferric Citrate, FECitrate, or nutrient fortified substance).
9. **Nutrients:** Only designated products claiming health or functional benefits are subject to nutritional labeling.
10. **Other** items designated by the detailed labeling standards for food. This includes cautions and standards for use or preservation (e.g., drained weight for canned products, radiation-processed products, etc.).
11. **Organic or GMO** – if these conditions apply, they should be noted visibly on the label.

KEY CONTACTS AND FURTHER INFORMATION

- For more information about the Korean market, please review the Exporter's Guide (KS9047) and the FAIRS Country Report (KS9039) [here](#). More Korea specific reports can be found at <http://www.fas.usda.gov/scripts/w/AttacheRep/default.asp>.
- General information about the Korean Market can be found on the Agricultural Trade Office Website at <http://www.atoseoul.com/> or about the Foreign Agricultural Service at <http://www.fas.usda.gov/>.

For organic labeling:

Food Safety Policy Division

Food Headquarters, KFDA

#5 Nokbeon-dong, Eunpyung-ku

Seoul, Korea 122-704

Phone: 82-2-380-1726/27

Fax: 82-2-388-6396

- Please contact ATO Seoul directly for questions, importer lists and information on market promotion opportunities.

U.S. Agricultural Trade Office
American Embassy Seoul, Unit #15550-ATO, APO AP 96205-5550
Tel: 82-2-397-4188
Fax: 82-2-720-7921
E-mail: Atoseoul@fas.usda.gov
Internet: www.atoseoul.com

^[1] Source: World Factbook

^[2] Euromonitor International 2008 from market and trade source statistics