CALIFORNIA KIWIFRUIT COMMISSION
BI- WEEKLY REPORT
SOUTH KOREA

~ January 7th, 2010

1. IMPORT, WHOLESALE AND RETAIL ATTITUDE

Major department stores have started to sell gift packaging by advance order for the up-coming national holiday, Lunar New Year, in mid-February. Lotte department stores, with 26 stores nationwide, will hold an advanced pre-sale event for Lunar New Year gifts with 5-50% discounted price through the end of January. The spokesperson in the Shinsegae department store said, "We have increased the number of Lunar New Year gift sets by nearly 30% compared with last year's sale." The buying team leader Ina Hyundai department store said they specially selected hanwoo (local beef) and dried yellow corvine (fruits which are a popular gift item for Lunar New Year) to be sold at a discounted price, about 1-2% on the average.

Chinese Vice President Xi Jinping says he hopes Seoul and Beijing sign a free trade agreement soon. In a recent news conference held in Beijing, he told South Korean correspondents that the deal will be an important source of momentum for improved relations between the two countries. Xi is scheduled to visit Seoul and Tokyo in the middle of December. He says both sides have reached an agreement on most issues but are displaying some differences in certain fields. Xi adds the two countries should push the agreement as much as within their capacities in order to absorb shocks on industries. Turning to North Korea, he says the parties to the six-way nuclear talks should make efforts to resume the stalled dialogue in line with the 2005 joint statement. Xi is considered a top candidate for China's next president.

The Finance Ministry has launched an internet portal that compares the prices of 20 daily necessities sold by different companies. The ministry says the product information portal "Tgate" (tgate.or.kr), jointly managed by the Fair Trade Commission and the Korea Consumer Agency, will begin operating on a trial basis in late December. The 20 items include four perishables (including tofu and beef), ten processed foods (including flour and ramyeon instant noodles), and six other home items (toothpaste, shampoo, etc.). For each category, the portal will disclose the prices of the two to three most popular brands of each product. The ministry expects the product price comparison site to inform consumers and facilitate business competition.

Import

Many importers are interested in California kiwifruit import; however, most are hesitant to purchase the commodity due to the relatively high price. They would like to ship some California kiwifruit as the price goes down in the future, keeping a continuously close eye on the harvest volume, quality and export price of California kiwifruit.

At this point, most importers have finished Chilean kiwifruit and New Zealand kiwifruit import.

The most popular item of major importers is US pomegranate. The quality of pomegranate is very good compared with other large sized fruits.

As the season of Chilean grapes is coming, many importers are watching the quality and export price of Chilean grape and plan a gradual expansion of shipping volumes of Chilean grape.

Wholesale

A lot of wholesalers are interested in the purchase of California kiwifruit and show an increasing desire to buy California kiwifruit if it is imported in the future.

Because the shipping of Chilean kiwifruit has finished, there is no stock/product for wholesalers to purchase. While the purchasing volume of New Zealand kiwifruit has gradually decreased, most wholesalers plan to increase the buying volume of local kiwifruit and gold kiwifruit from Jeju Island, Korea. They forecast that these local kiwifruit items will be quite popular to buy, particularly due to the coming Lunar New Year in February.

The purchasing price of New Zealand kiwifruit is about 16,000-35,000won for 10kg, local green kiwifruit is about 20,000-38,000won and local gold kiwifruit is about 68,000-70,000won for 10kg.

The purchasing volume of US pomegranate is still increasing. Also, as the season of Chilean grape is coming, many wholesalers plan to buy Chilean grape and have been paying much attention to the quality and purchasing price of Chilean grape.

In addition, the purchasing volume of US navel oranges and bananas from the Philippines had also increased; some New Zealand cherries have also been purchased.

In terms of local fruits, tangerines, strawberries, apples, pears and persimmon are main

items as well as popular items in Lunar New Year holiday season. Many wholesalers are planning to purchase them accordingly.

However, it appears that the purchasing price of local fruits will increase because of the increased transportation costs due to unexpected snow storms and cold weather in late December and early January. Consequently, most wholesalers are in a rush to buy fruits now and continue to carefully watch the trends of wholesale prices.

Retail

California kiwifruit is not available in the retail stores yet.

The sale of Chilean kiwifruit is also completed in most retail stores, so green kiwifruit from New Zealand, Jeju Island, Korea and local gold kiwifruit are the only varieties available now.

As the stock of New Zealand kiwifruit decreases, local green kiwifruit and gold kiwifruit are displayed on main shelves despite their comparatively high prices.

There are currently 1+1 sales promotions for local kiwifruit to increase sale volumes.

The most focused imported fruit items in retail markets are US pomegranates, bananas from the Philippines, and US navel oranges. Among these major items, retailers plan to shift their focus more from US pomegranate to US navel orange. The sale price of pomegranate is 2,000-3,500won per piece and 700-1,500won per fruit for orange.

Retail markets also focus on the sale of tangerines, strawberries, and green and gold kiwifruits, among the available local fruits. Many of them sell tangerines and strawberries in a package. The sugar content of tangerines are fairly good with brix 10.

2. KIWIFRUIT COMPETITION AND PRICE DATA

ORIGIN	WHOLESALE PRICE	RETAIL PRICE	CONDITION AT RETAIL
California	N/A	N/A	N/A

Local	Gold kiwifruit $ 5.98 ~ 6.14/kg Green kiwifruit $ 1.77 ~ 3.32/kg	Gold kiwifruit $ 0.69 ~ 0.88 /piece Green kiwifruit $ 0.35 ~ 0.57 /piece	Small ~ Medium in size Sweet with watery taste Soft outside
New Zealand	Green kiwifruit 1.40 ~ 3.04/kg	Green kiwifruit $ 0.30 ~ 0.53/piece	Medium ~ Large in size High in sugar with watery taste Soft and dried skin
Chile	N/A	N/A	N/A

3. FRUIT RETAIL PRICE

Exchange Rate US$ = 1,146.81

FRUIT	ORIGIN	UNIT	PRICE
Banana	Philippine	100g	$0.17 ~ $0.39
Grape	Local / USA	100g	$0.35 ~ $1.75
Apple	Local	Piece	$0.44 ~ $4.40
Pineapple	Philippine	Piece	$3.04 ~ $5.22
Tangerine	Local	100g	$0.12 ~ $0.55
Persimmon	Local	Piece	$0.44 ~ $0.86
Melon	Local	Piece	$4.93 ~ $17.40
Tomato	Local	100g	$0.35 ~ $0.65
Lemon	USA	Piece	$0.51 ~ $1.73
Orange	South Africa	Piece	$0.63 ~ $1.30
Grapefruit	USA	Piece	$1.30 ~ $2.59
Pear	Local	Piece	$0.67 ~ $5.56
Pomegranate	USA	Piece	$1.29 ~ $4.37
Strawberry	Local	Pack	$4.79 ~ $10.49

4. ACTIVITY CONDUCTED IN DECEMBER 2009

Importer (company name, pic name, title, contact number)

Global Trading – Seong-Jin Lee, Manager, 82 2 408 0193

Lee's Marketing – Yong-Jin Lee, President, 82 16 246 5609

P.F Prime – Eun-Su Kim, President, 82 10 9104 8967

Jinwon Trading – Jun-Hong Choi, General Manager, 82 2 715 0711

Shinsegae Food – Jin-Seok Choi, Chief, 82 2 3397 6212

Fruit Bank – Dae-Ho Jeong, Manager, 82 10 2394 0957

Wholesaler (company name, pic name, title, contact number)

Hyundai Fresh – Moon-Joon Suh, President, 82 10 9472 4195

Karak Tongsang – Doo-Huee, Lee, President, 82 11 540 1628

Seoul Sanghoi – Sa-Chae, Choi, President, 82 2 430 5364

Hyoungje Sanghoi – Sa-Chae Choi, President, 82 2 430 5364

Korea Marketing – Jeong-Jae, Lee, Assistant Manager, 82 2 3435 4700

B.L International Sanghoi - Sa-Chae Choi, President, 82 2 430 5364

Retailer (company name, pic name, title, contact number)

E-Mart, Head Office – Gyu-Cheon Han, Manager, 82 2 380 5324

Samsung Tesco Homeplus, Head Office – Yang-Sik Kim, Assistant Manager, 82 2 3459 8146

Lotte Mart, Head Office – Seok-Won Kim, Manager, 82 2 411 8621

Costco, Head Office – Mi-Jung Lee, Buyer, 82 2 2630 2637

Lotte Super, Head Office – Jin-Wook Ko, Manager, 82 2 2290 5197

Lotte Department Store, Head Office – Chang-Mo Yeon, Genaral Manager,

Hyundai Department Store, Head Office – Heui-Soo Sohn, Assistant Manager, 82 2 3416 5609

E-Mart, Myeongil – Geun-Wook Baek, Fresh Section Assistant Manager, 82 16 842 8993

E-Mart, Jayang – Kyu-Hwan Choi, Fresh Section Assistant Manager, 82 18 271 1714

E-Mart, Mokdong – Won-Beom You, Fresh Section Assistant Manager, 82 10 8881 4733

E-Mart, Mia – Heon-Jun Lee, Fresh Section Assistant Manager, 82 19 673 7346

Lotte Mart, Euijeongbu – Young-Guk Kim, Fresh Section Chief, 82 10 5260 3591

Lotte Mart, Youngdeungpo – You-Il Jo, Fresh Section Chief, 82 11 234 1576

Lotte Mart, Junggye – Tae-Hong Kim, Fresh Section Chief, 82 11 9035 7802

Samsung Tesco Homeplus, Geumcheon – Jae-Yun Lee, Fresh Section Assistant Manager, 82 10 8972 8054

Samsung Tesco Homeplus, Worldcup Stadium – Jin-Seong Na, Fresh Section Manager, 82 17 356 3865

Hyundai Department Store, Apgujeong, Dae-Hyeon Jo, Fresh Section Assistant Manager, 82 2 3467 6036

Lotte Department Store, Gangnam – Maeng-Seok Oh, Fresh Section Manager, 82 10 8721 6522

Kim's Club, Gangnam – Jae-Yong Kim, Fresh Section Chief, 82 10 3662 2737

Kim's Club, Bundang – Dong-In Gang, Fresh Section Chief, 82 10 2557 5729

5. ACTIVITY TO BE CONDUCTED

Contact importers to discuss import volumes of New Zealand kiwifruit, sales amount and forecasted shipping volumes of California kiwifruit.

Contact retailers to discuss the best selling items, the average price, and the preference of consumers, as well as any specific changes in the number of visitors.