CALIFORNIA KIWIFRUIT COMMISSION
BI- MONTHLY REPORT
SOUTH KOREA

~ October 21st, 2009

1. IMPORT, WHOLESALE AND RETAIL ATTITUDE

According to the Bank of Korea, Korean foreign exchange reserves grew for the seventh straight month in September to reach 254.3 billion U.S dollars. The amount of reserves jumped 8.79 billion dollars from late August for a rise of 52.71 billion dollars over the past seven months. The figure is also the highest since 258.1 billion dollars in June last year. The central bank cited rising operating profits, retrieval of maturing foreign exchange equalization funds, and an increase in the dollar-converted amount resulting from the surging euro and yen. The bank is believed to have bought a large amount of dollars to prevent the won from appreciating too much against the greenback. At this pace, financial observers say, the amount of foreign exchange reserves might break the national record of 264.25 billion dollars set in March last year.

Korean food producers are trying a new method to appeal to consumers-patriotism. To set their products apart, companies are marketing processed foods made from 100 percent "made-in-Korea" ingredients. CJ Cheiljedang, the nation's biggest food processor, recently introduced a new version of its Dashida seasoning blend, which first went on sale in 1975. The new version switches from using Australian beef to Korean beef to flavor the blend. Even the United states-based beverage and health food chain Smoothie King is getting into the act. The company which opened its first Korean branch in 2006 makes drinks using tropical fruit from Korea such as gold kiwi from Jeju Island. And, rising government support for local farmers provides an added incentive to use local wheat and rice.

Korea has initiated a free trade agreement with the world's biggest economic bloc, the European Union. Experts predict that local shipping, automobile and electronics industries will reap the benefits. However, they also predict that industries in which the bloc excels including machinery and chemicals, will see EU imports rise when the pact finally takes effect. At least in agricultural produce, the government has been extremely careful. Rice is exempt from tariff reductions, while peppers, garlic, onions, beans, potatoes, Jeju tangerines etc. will not see tariffs lifted. Even so, the Korea Rural Economic Institute and the Korea Maritime Institute said Korea's agricultural industry

would lose a total of 2.3 trillion won (1.99 billion dollars) in the next 15 years due to the deal. The government plans to give financial support to Korean farmers to help them modernize and improve the competitiveness of their products. Korea has already announced plans to give a total of 21.1 trillion won in support funding to local agriculture and fisheries until 2017. The Korea-EU FTA will also benefit consumers directly by making import products cheaper, the ministry said. Immediately after the deal is ratified, a 15 percent tax on European products will disappear.

Import

The import volume of fruits has not yet increased dramatically, as there are still many quantities of local fruits including apples, in the wholesale and retail markets after the Chuseok.

As there is an excess supply of kiwifruits on the market, both imported and domestic, many importers are hesitant to import California kiwifruits at this time. Accordingly, only some importers are quite sure to start importing California kiwifruits within this year. However, many importers have indicated that they want to import California kiwifruit if the import price is reasonable and the quality is good.

The import of New Zealand and Chilean kiwifruits is still ongoing, but the import volume has decreased recently as the season comes to an end.

Several importers bring in New Zealand kiwifruit in small quantities, but they import only green kiwifruit. Currently all importers finished importing gold kiwifruit, which was sold for quite a long time and through a limited market.

The overall quality of New Zealand kiwifruit is relatively good. The berry size is quite big and the sugar content is high enough, but most berries have a watery taste. The condition of gold kiwifruit is deteriorating rapidly, as the fruit is reaching its maximum storage life. Most gold kiwifruits are typically quite small and are often found softened, decaying, and sometimes covered with mold.

The import volume of Chilean green kiwifruit has also decreased recently because the shipping volume of local kiwifruit is increasing, and many consumers prefer to purchase local fruits such as apples and tangerines despite their high prices.

The quality of Chilean green kiwifruit is in quite good condition compared with that of other years. They have pretty big sized berries, firm texture and medium-high sugar content.

Local gold kiwifruits are shipped and the shipping volume is increasing. However, there is not a strong demand for local gold kiwifruits, as there are still New Zealand gold kiwifruits on the market, which are preferred by most consumers.

The sugar content of local kiwifruit is quite low and the quality is not quite as good as compared with the New Zealand kiwifruit. They also have a watery taste and are quite small.

As the shipping volume of US pomegranates has increased recently, many importers are dealing with pomegranates as a major imported fruit and the import volume is expected to increase continuously.

Wholesale

The purchasing volume of New Zealand kiwifruit is still quite high, and mostly consists of green kiwifruits. Gold kiwifruit, which is purchased by wholesalers and sold on the market now is mainly imported before, then stored as leftover quantities. According to the long storage period, gold kiwifruit is of inferior quality so many wholesalers prefer to buy green kiwifruit. Some wholesalers have recently finished purchasing New Zealand kiwifruit in both varieties.

Many wholesalers purchase Chilean kiwifruit but the buying volume is very small. They are mostly satisfied with a low purchasing price and good quality, but they indicated that consumer awareness and sale volume is low.

The purchasing volume of Local kiwifruit is increasing as the shipping volume of New Zealand kiwifruit is decreasing. However, the berry size is still small and the sugar content is not enough as compared with New Zealand kiwifruit. The purchasing price is also quite high.

Several wholesalers are interested in purchasing California kiwifruit and they want to buy it as soon as possible. They consider the quality of California kiwifruit to be better than other kiwifruits, though the price is quite more expensive than others.

The seasonal local fruits such as apples, tangerines and persimmons are shipped actively. The quality and sugar content of local fruits this year are very good and the demand is also increasing.

Retail

California kiwifruit is not yet sold in the retail stores.

Most retail stores sell both green and gold varieties of the New Zealand kiwifruit. Many retailers sell New Zealand green kiwifruit rather than gold kiwifruit. However, the sale volume of the New Zealand kiwifruit has decreased, as the quality has recently deteriorated causing many consumers to not aggressively buy it, thus, the sale portion is also decreasing.

Chilean kiwifruit is sold through most retail stores continuously however, the sale volume is not big so many retailers decreased its portion. Most retail stores sell 10 ~ 20 pieces in a plastic bag, about W4,000 ~ W6,000, or 3kg in a box, about W10,000~W13,000.

Local kiwifruit is sold through most retail stores, however due to low quality, small fruit size and higher sale prices the sale volume is not as significant as that of imported kiwifruits.

The seasonal local fruits such as apples, tangerines and persimmons are shipped in large quantities so many retailers mainly sell these seasonal local fruits. According to this trend, many retail stores conduct price discount promotions for tangerines and apples or advertise them on leaflets to inform consumers of the availability of these fruits.

2. KIWIFRUIT COMPETITION AND PRICE DATA

ORIGIN	WHOLESALE PRICE	RETAIL PRICE	CONDITION AT RETAIL
California	N/A	N/A	N/A
Local	Gold kiwifruit $ 6.11 ~ 7.86/KG	Gold kiwifruit $ 0.61 ~ 1.31 /piece	Small ~ Medium in size Sweet with watery taste

New Zealand	Green kiwifruit $ 3.05 ~ 3.49/KG Gold kiwifruit $ 4.36 ~ 5.24/KG	Gold kiwifruit $ 0.65 ~ 1.31 /piece Green kiwifruit $ 0.39 ~ 0.68 /piece	Small in size (gold) Medium ~ Large in size High in sugar with watery taste Soft skin
Chile	Green kiwifruit $ 2.18 ~ 2.88/KG	Green kiwifruit $ 0.22 ~ 0.68 /piece	Medium ~ Large in size Outside is strong Slightly sour taste

3. FRUIT RETAIL PRICE

Exchange Rate US$ = 1,145.70

FRUIT	ORIGIN	UNIT	PRICE
Banana	Philippine	100g	$0.17 ~ $0.39
Grape	Local / USA	100g	$0.35 ~ $1.29
Apple	Local	Piece	$0.42 ~ $4.36
Pineapple	Philippine	Piece	$3.03 ~ $5.24
Tangerine	Local	100g	$0.39 ~ $0.86
Persimmon	Local	Piece	$0.44 ~ $0.87
Melon	Local	Piece	$4.78 ~ $17.46
Tomato	Local	100g	$0.35 ~ $0.61
Lemon	USA	Piece	$0.52 ~ $1.75
Orange	Chile	Piece	$0.57 ~ $1.29
Grapefruit	USA	Piece	$1.73 ~ $2.60
Pear	Local	Piece	$0.68 ~ $6.98

4. ACTIVITIES CONDUCTED IN OCTOBER 2009

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

Kooknong Trading – Hyoun-Joon Choi, Staff, 82 2 2043 8806

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

Fruitbank – Dae-Ho Jeong, Manager, 82 2 403 7100

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

Sooil Trading – Soo-Min Jo, Manager, 82 2 409 8967

Jumbo Fresh Fruits – Seong-Joon Jang, Assistant Manager, 82 2 3402 3939

Lotte Trading – Sang-Woo Hong, Chief, 82 2 3459 9669

Shinsegae Food – Won-Seok Kang, Manager, 82 2 2297 6212

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

Dongshin Fruits – Young-Hwan Oh, President, 82 2 405 1929

Bareun Fruit – Young-Don Kim, President, 82 10 5940 2543

Karak Fruits – Cheol-Ho Choi, General Manager, 82 10 2399 4426

B.L International – Jae-Min Sohn, Assistant Manager, 82 31 329 3991

Daeil Sanghoi – Nak-Kwon, Lim, General Manager, 82 2 407 5112

Biz Farm – Dae-Woong, Lee, President, 82 2 407 1593

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

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 – Heui-Soon You, Assistant Manager, 82 2 3459 8146

Lotte Mart, Head Office – Hye-Jin Kim, Chief, 82 2 411 8621

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, Yeoksam – Seon-Woo Kim, Fresh Section Assistant Manager, 82 11 520 5647

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

E-Mart, Seongsu - Seong-Joo Park, Fresh Section Assistant Manager, 82 2 3408 1217

Lotte Mart, World - Jang-Seob Han, Fresh Section Chief, 82 2 411 8800

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

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

Samsung Tesco Homeplus, Jamshil – Woo-Jin Park, Fresh Section Assistant Manager, 82 17 409 5136

Samsung Tesco Homeplus, Kangdong – Dong-Seok Noh, Fresh Section Assistant Manager, 82 16 243 7578

Hyundai Department Store, Apgujeong, Dae-Hyeon Jo, Fresh Section Assistant Manager,

82 2 3467 6036

Hyundai Department Store, Trade Center – Seon-Ho Jeong, Fresh Section Chief, 82 11 9338 5351

Shinsegae Department Store, Kangnam - Sang-Sun Lee, Fresh Section Manager, 82 2 3479 1671

Lotte Department Store, Jamshil – Seung-Ho Jo, Manager, 82 10 2217 8355

5. ACTIVITIES TO BE CONDUCTED

Contact importers to discuss import volume of New Zealand and Chilean kiwifruit, sales amount and forecasted shipping volume of California kiwifruit.
Contact retailers to discuss the best selling items, the average price and the preference of consumers, any specific changes of the number of visitors.