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Post: Seoul ATO

Fruit Juice

Report Categories:

Product Brief

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Report Highlights:

Korea is an excellent market for American fruit juices. Local fruits are mainly targeting fresh table fruit market, which makes Korea's well established juice processing industry further rely on imported juices to bottle fruit juice and other beverage products. In addition, Korean consumer's diversified taste and demand for premium quality juices are generating increased demand for imported juice products in retail packaging. The United States remained the leading exporter of fruit juices to Korea in 2013 by accounting for over 49 percent of the \$182 million of fruit juices that Korea imported. Orange, grape and apple juice have been the leading products that the United States exported to Korea. However, specialty fruit juices such as grapefruit, blueberry and cranberry are likely to see strong export growth to Korea in the coming year.

General Information:

SECTION I Market Overview

South Korea (herein after referred to Korea) maintains strong demand for fruit juice products. Its 50 million aging population is well versed on the health and nutritional benefits of drinking fruit juices or beverages that contain fruit juices.

Although Korea harvests a significant amount of fruits locally (water melon, apple, Asian pear, grape and tangerine orange are the major local crops), a majority of the local fruits are destined for the retail stores for fresh consumption to justify the high farming cost. Furthermore, Korea's four distinctive seasons limit the supply of local fruits during winter through spring months, which makes Korea further rely on imported fruit juices to fulfill the high demand.

A majority of the fruit juices imported by Korea are used by the local beverage processing industry. Korea maintains a well-established beverage processing industry that bottles a wide variety of fruit juices or beverages that contain fruit juices. There were 1,994 beverage processors in Korea in 2012 that produced a total of 3.2 million tons of beverage products. Fruit juices or beverages containing fruit juices accounted for 20.7 percent of the industry production. It is notable that many American juice brands, including SUNKIST, Minute Maid, Delmont, Tropicana, are currently being bottled in Korea for local distribution under business partnership agreement with leading Korean beverage processors.

Table 1: Production of Fruit Juice Beverages by Korean Beverage Processing Industry (2012)

Category	Production Volume	Production Value
Fruit & Vegetable Juice Concentrate – Heated	8,822 MT	21.4 Billion won
Fruit & Vegetable Juice Concentrate – Unheated	48 MT	0.7 Billion won
Fruit & Vegetable Juice – Heated	218,997 MT	356 Billion won
Fruit & Vegetable Juice – Unheated	10,130 MT	44 Billion won
Fruit & Vegetable Beverage - Heated	425,171 MT	446 Billion won
Fruit & Vegetable Beverage – Unheated	4,562 MT	6 Billion won

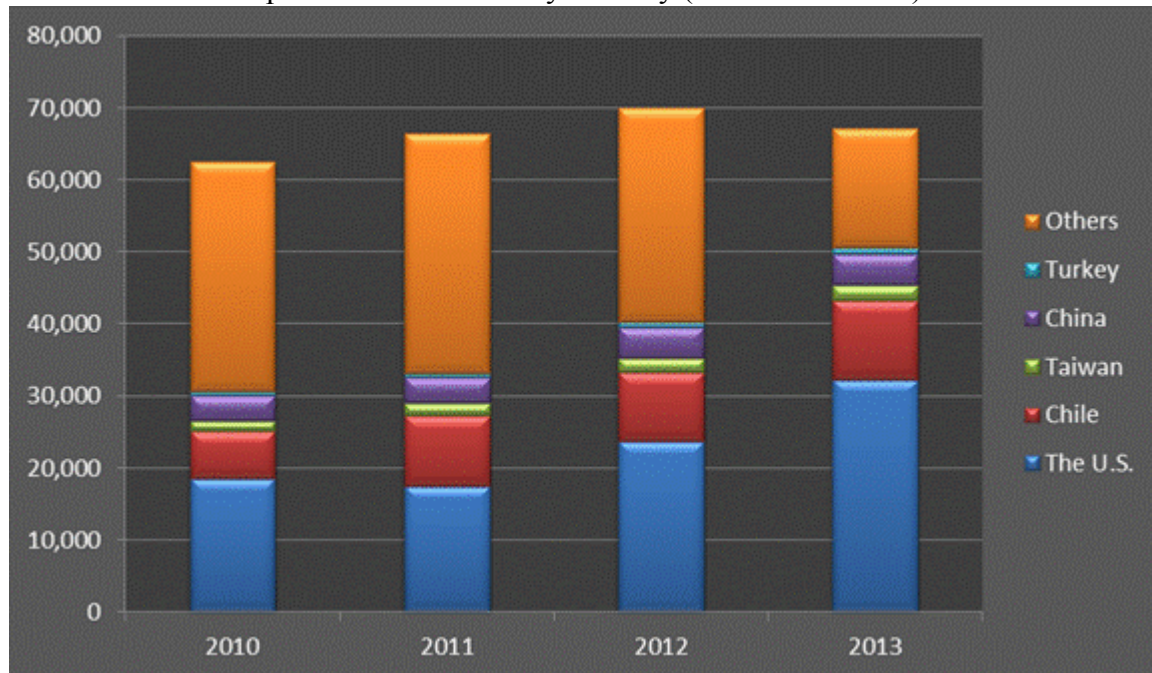
Source: Korea Ministry of Food & Drug Safety

Exchange rate: \$1 = 1,100 won as of December 2014

Definition: Juice product contains 95 percent or more natural juice. Juice beverage product contains 10 percent or more natural juice.

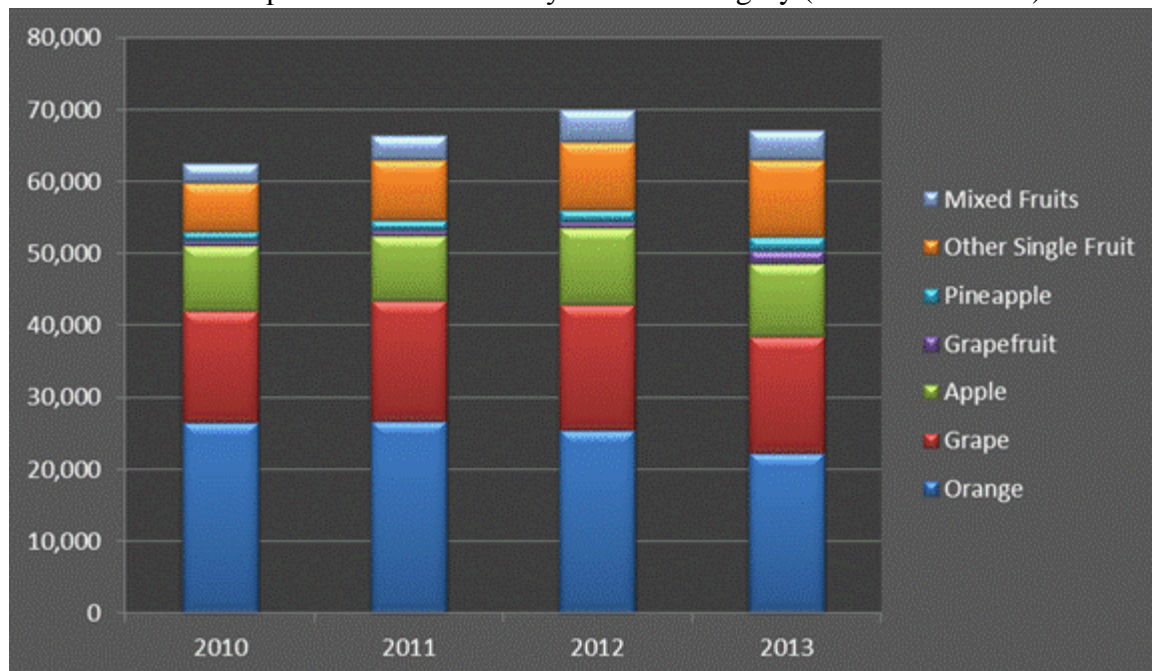
Korea's imports of fruit juices totaled 67,105 metric tons (\$181.9 million) in 2013, down 4.1 percent from the previous year. A majority of the imports were reportedly concentrated juices for local blending and bottling. The United States remained the leading supplier of fruit juices to Korea by shipping 32,248 metric tons (\$89.4 million), up 36.2 percent from 2012. The strong growth of imports from the United States was due to reduction of import tariffs on American fruit juices under the Korea-United States Free Trade Agreement (KORUS FTA) implemented in 2012. Orange, grape and apple juice have been the leading products that the United States shipped to Korea over the years. However, traders report that specialty juices including pomegranate, blueberry and cranberry are likely to show strong import growth in the coming year due to Korean consumer's increased attention to beverages of health promoting functionality.

Chart 1: Korea's Imports of Fruit Juices by Country (Unit: Metric Ton)



Source: Korea Trade Information Service (KOTIS) Database, www.kita.net

Chart 2: Korea's Imports of Fruit Juices by Product Category (Unit: Metric Ton)



Source: Korea Trade Information Service (KOTIS) Database, www.kita.net

By the way, Korea's imports of fruit juices have shown a significant decline in 2014. Overall imports through August totaled 39,764 metric tons, down 14.1 percent from the same period the previous year. Imports from the U.S. also declined 35.1 percent to 13,867 metric tons. The sharp decline was

reportedly due to reduced citrus harvest in California and Florida in early 2014 season.

SECTION II Competition

The United States faces strong competition from export-oriented competitors. Below tables summarize the market competition for key product categories in Korea.

Table 2: Korea's Imports of Orange Juice (Unit: \$1,000 USD, Metric Ton)

	2010		2011		2012		2013	
	Value	Volume	Value	Volume	Value	Volume	Value	Volume
Total	43,144	26,547	66,245	26,671	70,362	25,570	54,432	22,238
The U.S.	12,788	5,177	16,516	5,541	30,189	9,587	48,673	19,221
Greece	0	0	2	0	2,252	1,114	1,351	653
Turkey	1,327	406	1,868	441	727	175	586	168
Israel	1,154	829	4,389	2,167	2,995	1,317	342	160
Brazil	25,936	19,199	40,782	17,467	31,047	12,004	565	220
Others	1,939	936	2,688	1,055	3,152	1,373	2,915	1,815

Table 3: Korea's Imports of Grape Juice

	2010		2011		2012		2013	
	Value	Volume	Value	Volume	Value	Volume	Value	Volume
Total	30,969	15,563	38,915	16,843	43,978	17,320	46,208	16,320
Chile	11,541	5,713	20,252	8,132	20,005	7,206	22,584	7,780
The U.S.	16,431	8,147	13,878	6,111	17,763	7,138	19,011	6,802
Spain	1,828	1,047	3,166	1,717	3,346	1,649	2,197	779
Others	1,169	656	1,619	883	2,864	1,327	2,416	959

Table 4: Korea's Imports of Apple Juice

	2010		2011		2012		2013	
	Value	Volume	Value	Volume	Value	Volume	Value	Volume
Total	11,789	9,079	15,722	8,971	21,131	10,735	18,825	9,982
Chile	954	765	2,935	1,622	5,088	2,327	5,996	3,135
China	2,702	2,894	4,777	2,672	7,018	3,581	5,893	3,308
The U.S.	2,977	1,782	3,065	1,772	3,771	2,044	3,424	1,829
New Zealand	2,228	1,437	2,022	1,064	2,498	975	1,753	677
Others	2,928	2,201	2,923	1,841	2,756	1,808	1,759	1,032

Table 5: Korea's Imports of Grapefruit Juice

	2010		2011		2012		2013	
	Value	Volume	Value	Volume	Value	Volume	Value	Volume
Total	2,398	573	3,683	778	3,770	827	5,573	1,855
Taiwan	436	127	1,059	243	1,430	335	2,182	557

Japan	1,445	155	1,885	184	1,532	147	1,359	157
Israel	287	160	278	135	261	109	754	336
The U.S.	148	80	369	172	457	203	1,193	746
Others	82	51	92	45	90	33	85	59

Table 6: Korea's Imports of Other Single Fruit Juice

	2010		2011		2012		2013	
	Value	Volume	Value	Volume	Value	Volume	Value	Volume
Total	25,129	6,774	33,551	8,389	41,769	9,375	41,885	10,605
The U.S.	7,364	2,290	11,428	2,884	19,021	3,555	13,768	2,840

Table 7: Korea's Imports of Mixtures of Fruit Juices

	2010		2011		2012		2013	
	Value	Volume	Value	Volume	Value	Volume	Value	Volume
Total	5,936	2,726	8,773	3,354	10,922	4,440	11,552	4,119
The U.S.	2,436	1,033	2,526	1,019	3,732	1,152	3,773	809
Thailand	2	3	12	12	691	596	1,903	1,488
Germany	1,268	271	1,561	310	1,554	286	1,833	326
S. Africa	1,131	935	1,765	1,403	2,401	1,854	1,254	987
Others	1,099	483	2,909	610	2,544	552	2,789	509

SECTION III Market Access & Distribution Channel

For detailed information about Korean government regulations on food safety inspection, labeling, certification and documentation required on imported food and beverage products, please refer to [FAIRS Country Report: Korea](#) as well as [FAIRS Export Certificate Report](#) published by FAS Seoul.

For market entry guidance and overview of the distribution channel in Korea for imported food and beverage products, please refer to [Exporter Guide: Korea](#) published by FAS Seoul.

All these reports are available from USDA/FAS website (www.fas.usda.gov) or ATO Seoul website (www.atoseoul.com).

Below table summarizes quality and safety standards set for fruit juice by the Korean government.

Table 8: Quality & Safety Standards Required on Fruit Juice Products

Item	Standard
Minimum Brix of Fruit Juice	<ul style="list-style-type: none"> • Grapes, Western Pear: 11 brix or higher • Apple, Lime: 10 brix or higher • Tangerine Orange, Grapefruit: 9 brix or higher • Guava: 8 brix or higher • Peach, Apricot, Strawberry, Lemon: 7 brix or higher

	<ul style="list-style-type: none"> Plum, Melon: 6 brix or higher
Non-heated Fruit Juice	No foreign ingredients or food additives are allowed
Lead	0.3 mg/kg or less
Cadmium	0.1 mg/kg or less
Stannum (aka, Tin, Sn)	150 mg/kg or less in products contained in metal can packaging other than Aluminum cans
Microbial Count	100/ml or fewer
Coli Form	Not detected
Benzoic acid	0.6 g/kg or less. If used together with Sorbic acid, total Benzoic acid and Sorbic acid in the product combined should be 1.0 g/kg or less of which Benzoic acid should be 0.6 g/kg or less.
Sorbic acid	1.0 g/kg or less. If used together with Benzoic acid, total Benzoic acid and Sorbic acid in the product combined should be 1.0 g/kg or less of which Benzoic acid should be 0.6 g/kg or less.

Source: Food Code, Korea Ministry of Food & Drug Safety

SECTION IV Tariffs & KORUS FTA

The Korea-United States Free Trade Agreement (KORUS FTA), implemented on March 15, 2012 significantly reduces tariffs on many American products imported into Korea. Below table summarizes Korea's import tariffs on the U.S. origin fruit juices under the KORUS FTA. Suppliers should note that the country of origin rule under the KORUS FTA in general requires all ingredient fruits used in making of the final juice must also be from farms in the United States to be eligible for the preferential tariff reductions.

Table 9: Reduction of Import Tariffs on American Fruit Juices under KORUS FTA

HSK Product Classification	Description	Base Rate (%)	2012	2013	2014	Reduction Schedule	
2009110000	Frozen orange juice	54	0	0	0	Immediate Elimination	
2009120000	Orange juice, not frozen, of a Brix value not exceeding 20	54	43.2	32.4	21.6	5 year phase out	
2009190000	Orange juice, other	54	43.2	32.4	21.6	5 year phase out	
2009210000	Grapefruit juice of a Brix value not exceeding 20	30	27	24	21	10 year phase out	
2009290000	Other grapefruit juice	30	27	24	21	10 year phase out	

2009311000	Lemon juice	50	40	30	20	5 year phase out	
2009312000	Lime juice	50	40	30	20	5 year phase out	
2009500000	Tomato Juice	30	24	18	12	5 year phase out	
2009610000	Grape juice of a Brix value not exceeding 30	45	0	0	0	Immediate Elimination	
2009690000	Other grape juice	45	0	0	0	Immediate Elimination	
2009710000	Apple juice a Brix value not exceeding 20	45	40.5	36	31.5	10 year phase out	
2009790000	Other apple juice	45	38.6	32.2	25.8	7 year phase out	
2009801010	Peach juice	50	45	40	35	10 year phase out	
2009801020	Strawberry juice	50	45	40	35	10 year phase out	
2009801090	Cranberry Juice Prune Juice	50	40	30	20	5 year phase out	
2009802000	Juice of vegetable	30	27	24	21	10 year phase out	
2009901010	Mixtures of juices, chiefly on the basic of orange juice	50	45.8	41.6	37.4	12 year phase out	
2009901020	Mixtures of juices, chiefly on the basic of apple juice	50	45	40	35	10 year phase out	
2009901030	Mixtures of juices, chiefly on the basic of grape juice	50	45.8	41.6	37.4	12 year phase out	
2009901090	Mixtures of juices, chiefly on other fruit juice	50	45	40	35	10 year phase out	
2009902000	Mixtures of vegetable juices	30	24	18	12	5 year phase out	
2009909000	Mixtures of juices, other	50	45	40	35	10 year phase out	

For more information about the KORUS FTA, please refer to below links.

(1) Full Text of the Agreement: <http://www.ustr.gov/trade-agreements/free-trade-agreements/korus-fta/final-text>

(2) Korea Tariff Schedule:

http://www.ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset_upload_file786_12756.pdf

(3) Country of Origin Certification:

[http://www.atoseoul.com/fta/KORUS%20FTA%20COO%20FAQ_clean%20\(2\).pdf](http://www.atoseoul.com/fta/KORUS%20FTA%20COO%20FAQ_clean%20(2).pdf)

SECTION V KEY CONTACTS AND FURTHER INFORMATION

A. USDA/FAS Offices in Korea

U.S. Agricultural Trade Office Seoul (ATO)

Korean Address: Room 303, Leema Building, 146-1, Susong-dong, Jongro-gu, Seoul, Korea

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

Telephone: +82-2 6951-6848 Fax: +82-2 720-7921

E-mail: atoseoul@fas.usda.gov

Internet homepage: www.atoseoul.com

Agricultural Affairs Office, U.S. Embassy Seoul (AAO)

Korean Address: U.S. Embassy, 82, Sejong-ro, Jongro-gu, Seoul, Korea

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

Telephone: +82-2 397-4297 Fax: +82-2 738-7147

E-mail: agseoul@fas.usda.gov

U.S. Animal Plant and Health Inspection Service Seoul (APHIS)

Korean Address: Room 303, Leema Building, 146-1, Susong-dong, Jongro-gu, Seoul, Korea

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

Telephone: +82-2 725-5495 Fax: +82-2 725-5496

E-mail: yunhee.kim@aphis.usda.gov

Internet Homepage: www.aphis.usda.gov

B. State Regional Trade Groups (SRTG):

For information about export assistant programs offered by State Regional Trade Groups, please contact:

Western United States Agricultural Trade Association (WUSATA)

2500 Main Street, Suite 110, Vancouver, WA 98660-2697, USA

Telephone: 360-693-3373 Fax: 360-693-3464

E-mail: janet@wusata.org

Website: www.wusata.org

Food Export Association of the Midwest USA

309 W. Washington St., Suite 600, Chicago, Illinois 60606, USA

Telephone: 312-334-9200 Fax: 312-334-9230

E-mail: thamilton@foodexport.org

Website: www.foodexport.org

Food Export USA - Northeast Region of the United States
150 S. Independence Mall West, 1036 Public Ledger Building, Philadelphia, PA 19106, USA
Telephone: 215-829-9111 Fax: 215-829-9777
E-mail: jcanono@foodexportusa.org
Website: www.foodexportusa.org

Southern United States Agricultural Trade Association (SUSTA)
2 Canal Street Suite 2515, New Orleans, LA 70130, USA
Telephone: 504-568-5986 Fax: 504-568-6010
E-mail: jim@susta.org
Website: www.susta.org

C.U.S. Commercial Service:

Korean Address: U.S. Embassy, 82, Sejong-ro, Jongro-gu, Seoul, Korea
U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-USCS, APO, AP 96205-5550
Telephone: +82-2 397-4535 Fax: +82-2 739-1628
E-mail: Seoul.office.box@mail.doc.gov
Homepage: www.buyusa.gov/korea