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OTA Market Overview South Korean Organic Market

A summary of South Korean market potential for U.S. organic food exports. *Funding provided by the International Cooperation and Development program of FAS and the Organic Trade Association (OTA).*

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Research Overview

The Research and Scientific Exchange Division, part of the Foreign Agricultural Service International Cooperation and Development (ICD) program, commissioned the following overview through the Organic Trade Association (OTA). The purpose of the overview, conducted by Landry Consulting, LLC, is to provide a summary of the South Korean organic market and recommend an entry strategy for U.S. organic exports. The methodology employed involved collecting information through FAS and other agricultural associations; interviewing government employees and U.S. industry representatives; and conducting in-country interviews and store checks. Interviews included importers, distributors, social organizations, government agencies and the Agricultural Trade Office (ATO) staff of the Foreign Agricultural Service (FAS) in Korea.

FAS has two offices in Korea, an Agricultural Trade Office (ATO) which handles marketing and promotions, and an Agricultural Affairs Office (AAO) which handles regulations and trade policy issues. The ATO assisted Landry Consulting LLC in arranging the appointments and store visits for this report.

In emerging markets such as Korea, much information is not available on the organic market. Most organic associations are based in Europe and the U.S., and subsequently, most reports and data focus on these markets.

Another issue is that organic export statistics are not separated from their conventional counterparts; therefore, statistical data on organic trade is not available. Many statistics are based off of estimates. These factors necessitate an organic overview study for these markets. Once specific opportunities are identified, then further research may be necessary to expand on these.

Glossary of Abbreviations

Foreign Agricultural Service	FAS
Organic Trade Association	OTA
Agricultural Trade Office (FAS)	ATO
Agricultural Affairs Office (FAS)	AAO
Genetically Modified Organisms	GMO
Korean Organic Farmers Association	KOFA
Korean Food and Drug Administration	KFDA
National Agricultural Products Quality Management Service (Ministry of Agriculture)	NAQS
Non-Governmental Organization	NGO
Transaction Certificate	TC
Environment-Friendly Agriculture Promotion Act	EFAPA

Section 1

South Korea

South Korean Market Overview

Market Overview

South Korea is in an introductory stage for organic products. A few importers are investing heavily in this industry, with the goal of being industry leaders when this market expands in coming years. Both processed organic and organic produce are found on supermarket shelves. However, consumer knowledge and acceptance is low, impairing organic sales. Education will be a key factor for overcoming this hurdle and expanding the organic market in South Korea.

Retail Overview of Organic

Organic products are found in five retail sectors: high-end department stores, hypermarkets, chain supermarkets, mom and pop stores, and wet markets. Of these, processed foods are found mainly in department stores: Hyundai (7 stores in the Seoul area), Lotte (12 stores in Seoul), Shinsegae (5 stores in Seoul) and Samsung plaza. And a small selection of locally produced processed products is in hypermarkets and supermarkets.

Some discount stores, such as Wal-Mart, want organics at discounted prices. However, importers won't work with them under this arrangement.

Within the retail outlets, processed organics are normally grouped together in a natural products area, and occasionally products are located next to their conventional counterpart. In the department stores, an individual importer's organics are located in one "kiosk," grouped together with the importer's complete product line.

There are three major players importing organic processed products into the market: Samyang (Guten Morgen kiosks), Yuginongsan, and Pulmuone (Orga retailer).

180 items	Samyang
150 items	Yuginongsan
50 items	Orga (direct import)

380 total items   Imported processed foods
(Samyang estimated numbers)

These importers have also started on-line sales.

Local organic fresh produce and grains are found in all sectors except in convenience stores. An estimated 70 mom and pop stores sell local organic produce and grains.

Korean Labeling System

The Korean organic labeling system for fresh produce and grains is called "environmentally friendly" with four variations of an organic seal. The first is Organic (green), Transitional (light green), No Chemicals (blue), and Low Chemicals (orange).

Korean Environmentally Friendly Certification Logos

Organic   Transitional   No chemicals   Low chemicals

Organic store displays use signage of the four seals with explanations. When referring to organic, often it meant any of these four variations. Because of this, confusion exists within this system, consumers think the "no chemical" or "low chemical" products are better than organic.

Local Organic Production

The Korean government has certified 32,000 Korean farmers as organic and environmentally friendly (2000 are pure organic: 1000 rice producers and 1000 greenhouse vegetable farms). Only .02% of local production is organic and 2.5% is environmentally friendly.

In the previous year, organic sales grew by 70%, but sales have slowed because of the depressed economy. They estimate that local production is increasing by 30% each year.

The government will subsidize up to 10% of total agricultural production until the year 2010, with a goal of 100% organic production nationwide. Both the federal and local government offer assistance, including subsidies for machinery and production, and low interest loans.

The local organic products grown are: (1) rice and (2) vegetables. Reportedly, they produce 500 metric tons of organic rice a year. However, fruit production is mainly transitional environmentally friendly (not organic). They do have organic grapes (70 farmers), strawberries, and small oranges (5 farmers). But most are produced in greenhouses, an expensive method, so production is limited.

There are four certified processed organic products produced in Korea: kale extracts, kimchee, green tea, and another vegetable extract. There are nine environmentally friendly (no pesticide) locally produced processed organic products. (See Appendix 1 for production statistics and domestic policy.)

Because of high pesticide use, Korea has a 25% cancer rate. During the past 40 years Korea has had the highest pesticide/chemical use worldwide, and they use 15 times more pesticide than the U.S. The average Korean farm is 1.5 hectares per family, and pesticide and chemical use improve yield. The government is addressing this problem and their goal is 50% less pesticide use by 2010. (Korean Organic Farmers Association)

Certification Program

Korea's national certification program is regulated by two different agencies: Certification, labeling and standards for fresh produce and grains are regulated by the Ministry of Agriculture (National Agricultural Products Quality Management Service, (NAQS)); and the equivalent procedures for processed organic products is handled by the Korean Food and Drug Administration (KFDA).

Previously, NAQS was the only certifying agency, but starting this year the Korean Organic Farmers Association (KOFA) and other third-parties can certify with NAQS assistance. By 2006 the government will stop certifying and non-governmental organizations will take over.

Fresh Produce:

Organic fresh produce imports need accreditation from the Korean government, foreign certifications are not accepted. Currently no farms in the U.S. are accredited by the Korean government. For accreditation, NAQS sends a representative to the foreign country for Korean certification. The applying company pays all expenses for the representative to travel to the farm. However, the applicant can be the importer and not necessarily the producer. The certification lasts one year and the time frame to receive certification is one to two months after the application is received. A copy of this farm certification is the only requirement for importing fresh and bulk products. A Transaction Certificate (description to follow) is not necessary for these products.

Fumigation is an issue for fresh produce when entering the country. Fumigation requirements are product specific and depend on the country of origin, so each product must be checked individually for requirements. It is a phytosanitary issue and not Ministry of Agriculture jurisdiction. But once the product is fumigated, it can't be labeled organic in Korea.

The only labeling or packaging requirement for fresh and bulk is the Korean environmentally friendly seal. The seal can be on individual packaging or on a sign for bulk displays. But if a product has individual packaging then it must be individually labeled.

The ministry representative felt the U.S. and Korean programs were very similar; however, he doesn't think U.S. certification will be accepted soon because it requires changing Korean law. There is also pressure from local farmers not to accept foreign third party certifications. This is a big barrier for exporting fresh produce to Korea.

Food Ingredients:

There is a controversy between bulk products and ingredients (i.e. whole soybeans, etc.). The shipment can be labeled as bulk or as an ingredient for further processing. Processed foods fall under KFDA and bulk under the Ministry of Agriculture. If it is a food ingredient, then it can be imported without certification documentation and processed into an organic processed product. Sometimes the government discovers the non-certified ingredient and imposes a $20 million Won fine for false labeling (current exchange is 1200 Won to $1.00 USD), but it is unlikely the agency will follow up.

Processed Products:

The Korean Food and Drug Administration (KFDA) regulate organic processed product's labeling and certification rules. They require an <u>original</u> Transaction Certificate (TC) for <u>every</u> processed product shipment into Korea. KFDA only requires the TC and not the general organic certification of the company. What is important is that the TC is shipment specific. They carefully check the details such as, weight, quantity, and other shipment specifics. But they don't check ingredients or origin, this is not as important. The TC requires the name of the exporting countries' certifying agency; U.S. certifiers are listed on the KFDA website.

A problem is that U.S. certifying agencies don't always put correct information on the transaction certificate. This is in part because a standard TC does not exist. The highest reported error with the TC is clerk errors, even a typo can hold up a shipment. Authorities are strict because they don't want to be blamed for any mistake in case of an audit.

The Agricultural Affairs Office of the Foreign Agricultural Service (AAO) in Korea has a sample TC that has been accepted by Korean authorities, and companies can contact the AAO office to get this sample. However, to date, the Korean government has not responded to requests from the Agricultural Affairs Office for the TC information requirements.

If a shipment does not have a TC, then the importer has to take the word "organic" off the label before entering the country. The TC is only required for processed products, and not fresh produce and bulk. (See Appendix 2: Sample Transaction Certificate)

Government issues:
There are also problems because inspector's jobs often rotate, and not everyone understands organic certification and documentation procedures. The embassy sees more problems with smaller ports because documentation requirements don't filter down quickly. The Agricultural Affairs Office (AAO) will intervene if problems occur and this usually helps.

Korean agencies did not understand the U.S. certification until Keith Jones' visit last year to Korea to clarify the program. This agreement helped organic imports, and the Agricultural Affairs Office hasn't had many problems since then. So currently there aren't any organic negotiations between the two governments.

Providing backup for claims seems acceptable to the government. For example, for a problem occurring with importing organic honey, the Agricultural Affairs Office provided documentation on what constituted organic honey. The government then accepted the shipment.

Note on Natural:
You can't use the word "natural" with many processed products. Natural is literal to Koreans, so using this term isn't recommended. If the raw ingredients are unadulterated, for instance whole tomatoes are used in tomato sauce instead of tomato concentrate, then the ingredient list can say "natural tomatoes." But even if individual natural ingredients are in the product, the product label still can't say "natural tomato sauce" on front.

Note on functional foods, dietary supplements, and nutriceuticals:
The popularity is growing for functional foods, dietary supplements, and nutriceutical products. These product lines are located next to organic kiosks in department stores. Currently they are in the final stages for implementing their new regulations on these products.

Note on Genetically Modified Organisms (GMO):
GMO is handled by the appropriate agency (Ministry of Agriculture or the Korean Food and Drug Administration). Processed products GMO labeling is very restrictive, but fresh produce labeling is less restrictive. It is better to not say "No GMO" on products, because this will be highly scrutinized. At the same time, if your product has GMO, then you must say it on the label. More than one interviewee mentioned finding GMO in U.S. products and sending it back to the U.S.

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Market Opportunities

- Korea is an overall importer of food products, 70% of total food products are imported. Only 9.5% of the Korean labor force is employed in the agricultural sector.
- The government is supporting the organic industry with public service announcements.
- Koreans have a preference for products they view as healthy. They will pay higher prices for health products.
- After being educated, 10% of the target population will buy organics.
- Koreans like U.S. products, and equate processed organics = imported = quality.
- The Ministry of Agriculture surveyed consumers and estimate 70% understand organic. Although this figure varies according to the source.
- Four years ago, 1-2% of consumers understood organic and 10% had heard of it. But within the past three years through government advertising campaigns, awareness increased to 30% for organic and 50% for environmentally friendly. (Korean Organic Farmers Association (KOFA) estimated numbers)

Food Ingredients

Since very little organic manufacturing is present in the market at this time, except for a few local products, there is little opportunity for food ingredients.

Fresh Produce

According to the Korean Organic Farmers Association (KOFA), importing fresh produce has little opportunity because of U.S. shipping times, and the expense of the Korean Ministry of Agriculture certification process for foreign farms (paying for a government representative to visit your farm). And there is a large variety of locally produced environmentally friendly and organic produce.

Although, this sector is reportedly growing faster than processed products, there appears to be less opportunity. A protectionist attitude exists for fresh produce because of relations with local farmers. And importers indicated they are more interested in imported processed products because little local organic manufacturing exists.

Processed Foods

The market opportunity appears to be in processed foods. Within this, the food service sector is very small. There are a few restaurants serving locally grown organic produce, but not yet utilizing processed foods. Probably because of the recent product introduction, low acceptance, and high cost.

The opportunity for processed products currently is in the high-end retail sector, preferably working with current processed food importers. Those interviewed have retail space and promotional plans. So promotions could be carried out easily through these established channels instead of working direct with retailers.

Consumer education is the first step in this process. Processed products are on department store shelves, so this education needs to be at the point of sale convincing buyers to purchase immediately. Many importers have been bringing in products only the past year, and are just introducing U.S. products. So they are in a test market stage, and if successful, it may open up a huge market. Right now, educational and promotional support is essential to the continued success.

Reportedly, many large companies are waiting through this education stage to see organic's success before investing in the industry.

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Market Barriers

- Low consumer knowledge of organics and their benefits.
- High prices compared to conventional products (estimated at 30%).
- Transportation time frame is long because of border inspections. Companies estimate the wait is 20 days to one month for product delivery from port to store.
- Korean officials', U.S. companies', and U.S. certifying agencies' knowledge of importation documentation requirements.
- Korean authorities' strict adherence to Transaction Certificate requirements.
- Korean procedure for certifying foreign farms, and the unlikelihood that foreign certifications will be accepted.
- Koreans most associate the U.S. with GMO food production. (Agricultural Trade Office GMO study)

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Competitive Overview

Local Production

Local organic production is mainly in fresh produce. This sector is growing and highly supported by the government and non-governmental organizations. It has good retail coverage in all high-end stores and supermarkets because products are mainly distributed through the Korean Organic Farmers Association (KOFA).

There is very little local competition for processed organics. As indicated earlier, there are only four pure organic processed products and nine environmentally friendly processed products. These are found in a limited basis in department stores and supermarkets.

Processed food competition will come from other foreign countries; such as, Japan, China, New Zealand, Australia, and European countries. China is identified as the future competitive country. KOFA indicated that China has entered the market and stolen market share from

Koreans. European countries and the U.S. are viewed equally and will likely have to compete on pricing, taste profiles, packaging, and similar characteristics.

Eight percent of Yuginongsan's imports are from the U.S. and 20% from other markets. Samyang's (Guten Morgen) products are from Europe and they are introducing U.S. products in the next weeks. Orga purchases from Yuginongsan and buys direct from U.S. suppliers.

(See Appendix 4: Retail Pricing Comparison)

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Market Strategy

Overview of Korean Consumer

The target customer is identified as a 30 to 40 year old mother, in the top 30% socio-economic group, with a minimum university level education. The target lives in the affluent districts south of the Hangang River, Kangnam and Socho districts. Department stores are identified as the best venue. And the primary area of concentration is Seoul, with a few stores in outlying areas.

In 2001, 3.9% of Seoul consumers and 2% of 30 to 39 year olds (nationwide) reported they shop in department stores. Estimated Seoul population is 10 million inhabitants, so the primary target group is approximately 200,000 to 390,000 consumers. Although this number appears small, it is one specific segment of the market, and it does not preclude other segments from purchasing organics. In addition, similar comparisons of consumers can likely be made for other target organic countries.

In Seoul, 3.9% of the population spends at the highest level of $501,000 Won or more a month on groceries (approximately USD$500). The average expenditure per month for groceries is $317,100 Won (approximately USD$300).

When asked about their concern for food safety, respondents were "extremely concerned" about:

Expiration date: 65.8%
Country of Origin: 39.5%
Chemical/pesticide residues in food: 34.5%
Bacterial or parasite contamination: 34.3%
Reputation of the manufacturer: 24.9%
Genetically Modified Organisms (GMO) ingredients: 19.9%
Safety of packing: 15.2%

In addition, 77.8% of 30 to 39 year olds and 79.7% of females were concerned with chemical/pesticide residues in food. And 79.1% would spend more for GMO free foods, with the majority spending as much as 10% more. But only 9.2% would spend as much as 30% more, which is the current price difference between conventional and organic. They did find that consumers most associated the U.S. with GMO foods, another barrier to U.S. organic food acceptance.

The majority, 46.5% of respondents, reported that written articles and TV reports about food safety issues significantly influenced their purchasing decisions. And 49.6% of consumers always read processed food labels. (Figures from an Agricultural Trade Office GMO study, 2001)

Strategy

- Koreans are interested in their health - many products sell because of their proposed health benefits. It was indicated that although organics sell at a price premium, Koreans will buy it for health reasons.

- Because mothers are concerned for their children's health, there is a strong demand for organic baby products. According to the Korean Organic Farmers Association (KOFA), many children have skin diseases from high pesticide use in food production. Korean parents, especially mothers, will bypass their health for their child's health. So many mothers have turned to organic baby products to protect their children. These products are listed by many importers as a top seller with the best growth potential.

- Education is a primary concern, and promoting health benefits is an appropriate message. In the Ministry of Agriculture survey, they found Koreans are most interested in organic for health reasons (over the environment).

Strategy #1:
Develop educational POS materials about organic health benefits for children. At the same time, introduce a variety of baby and children's products, expanding from just baby food. The first barrier would be to locate U.S. companies with organic baby products with interest in exporting to Korea, having the right taste profile, packaging, and pricing. It is recommended not to proceed with this strategy until the first step is accomplished.

Strategy #2:
Develop general educational materials on organic health benefits. These materials will assist the U.S. products in the market and promote new product introduction. KOFA requested assistance with subsidizing their current educational program. However, as stated earlier, they have a 10% success rate so this is a long-term strategy. With promotion and education at the point of purchase, more immediate sales could result.

KOFA recommended three strategies: (1) education, (2) provide product samples for their educational classes, and (3) temporarily lower supplier prices to importers to help offset their losses and develop the market.

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Samyang Corporation (Guten Morgen organic retailer)

Samyang owns six Guten Morgen stores (kiosks) in Hyundai department stores, which have been open a little over a year. Their 180 organic products include:

- Baby foods: jar foods, baby juice, baby cookies
- Snack Foods: crackers, biscuits, chocolate, waffles, cereals, muesli
- Beverages: fruit juice, vegetable juice, soymilk, tea, coffee
- Pasta: spaghetti, spiralli, tortellini, noodles
- Seasonings: cream, jam, spreads, sauces, maple syrup, vinegar
- Miscellaneous: soup, premix, flour, olive oil

Samyang's best sellers include: Baby food, fruit juice, olive oil, muesli, cereal, sugar and salt. Although sugar and salt aren't considered healthy, organic sugar and salt have a healthier image; and therefore, are high sellers. Samyang estimates 10-20% growth per year for organics, and forecasts best growth products to be: baby food (est. 10% growth/year), fruit juice (8% growth/year), and confectionary (3-5% growth/year).

Samyang carries mainly European products (mostly German) and are introducing U.S. products in the next weeks. The U.S. products they are introducing are: popcorn, sauces, confectionary products, chocolate, cereal, pickles, energy bars, etc. The launch will be advertised in magazines, newspapers, and on their website.

Currently Samyang isn't looking for any new products because of the U.S. products launch. Right now they will only work with the current consolidator they use in the U.S. who they met through an ATO sponsored mission, and don't have plans for direct purchases in the near future. They selected their U.S. line by bringing in samples from the Natural Products West show and picked 3 to 4 out of 10 products, based on taste, packaging, and volume.

There are only two U.S. suppliers to the Korean market, which is a problem because all importers have the same products. New suppliers are needed to vary the product mix. The Korean companies don't have exclusivity yet with any U.S. producers because they work through consolidators. But exclusivity will come later as Samyang develops direct relationships with suppliers.

Samyang's U.S. consolidator provides full service from documentation to payment, but the EU only provides documentation help. They prefer the EU structure because they have more control over product selection and have direct contact with suppliers to negotiate exclusivity. Samyang is just starting to import and quantities are too small to buy direct. U.S. companies interested in selling to Samyang would need to contact Samyang's U.S. consolidator (Mr. Cha in California).

Samyang's target customer is women 30 to 40 years old, living south of the river (an affluent district), in the upper 30% socio-economic class (except for baby food which applies to any class), and university graduates.

Samyang's market barriers are: (1) high price and (2) distribution time frame. (1) High prices: because of low volume, retail prices are currently higher but will decrease with an expected volume increase. Also their retail prices are higher than they expected before they began importing. (2) Distribution period: inspection delays, etc., cause wait times of twenty days to one month for transport from port to department store, and U.S. shipping is two to three weeks by ship. So if shelf life is one year, then the selling period in Korea is six to eight months.

Marketing strategy:
Samyang's marketing has included magazine advertising, an organic booklet, and personal sales and education through salespeople at the kiosks. The salespeople explain organics, at first with a focus on a clean environment but older consumers don't accept this as important. So a focus on health is more appropriate. A focus on children's health is more important than the parent's health.

The first step is consumer education on why to consume organic. Brochures may be effective at the store level, and a booklet form is better than a pamphlet. Samyang will include coupons, an explanation of ingredients, and recipes in their next brochure. Origin of products is not really important, so you don't need to include this. Samyang is currently providing lectures to cooking students. And they suggest school level educational programs, especially to kindergarten, may be beneficial.

Other points:

- The Korean intermediaries and retailers understand a little the term "organic". However, intermediaries are more concerned with the higher margin from organic products than the concepts behind it. For instance, retailers deal a lot with organic farmers but only stress the higher price. Other than the farmer and manufacturer, the trade doesn't understand very well.

- Samyang is familiar with the USDA seal and U.S. certification program. They perceive U.S. products as well regulated with a large product offering.

- Samyang only employs four people in their organic division so they don't have the manpower to deal direct yet. Their four positions are: Marketing, sales, new business development, and promotions.

- They have had problems with U.S. exporters not knowing documentation needed for Korea. Europeans knew more about the Transaction Certificate. However, they preferred the U.S. packaging over other countries.

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<u>Orga/Pulmuone</u>

Pulmuone is the parent company with 5 different subsidiaries:

1. Produce (Organic produce and food additives)
2. Health Food
3. Mineral Water
4. Retail (Orga)
5. Food Service

In addition, Pulmuone has 22 other non-food related companies (i.e. labs and information technology).

Orga is a small specialty store chain located in Seoul. It is the size of a medium U.S. convenience store. While the majority of floor space is dedicated to processed foods, Orga has a refrigerated foods section, meat department and an in-house bakery. They indicated that they are the only company carrying organic bread. About 70% of products are organic (includes all 4 environmental friendly categories), and 30% of products are imported. The price difference between organic and conventional is estimated at 30%.

Currently they have seven retail Orga outlets and are expanding with two to three new stores next year. Mainly concentrated in two affluent districts in Seoul, Kangnam and Socho districts, four of their stores are located in these two areas. The Orga retailer started seven years ago and their company has worked in the organic industry for 20 years.

Orga currently has 1800 products in their stores, but want to carry 8000 and offer a complete product line to their customers. The best selling products are fresh produce and dairy, and the growth is in processed foods.

Most of their products are purchased through Yuginongsan. They also direct import from Amy's Kitchen, Nature's Path and Spectrum, among others. When dealing with larger companies there aren't many problems with importing, but with smaller companies, there is difficulty with communication and understanding international trade. Orga was previously dealing with a consolidator out of Chicago, but currently is looking for another contact.

Pulmuone found the taste profile of U.S. products to be superior to other countries. Five to seven years ago "organic" was synonymous with "bad taste." However, the taste has improved, which is very important for product acceptance. Before the flavors were too salty, sweet, or spicy; but are milder now. In 2001, the perception of organic was not so good. There were only two processed products on the market, but these products improved perception and demand.

Orga's main consumer is the 30-something housewife who purchases products for her children. Organic is considered to be very important for pregnant women, babies and children under seven years old. And education level is considered the most important characteristic of potential organic consumers, even over income levels.

Orga thinks consumer education and marketing need to be used jointly, neither strategy will work alone. Next year is a planned campaign to introduce and explain the organic logos from different countries (including USDA).

Other points:

- Orga's only labeling specification is to use the Korean Environmentally Friendly system, or use the Orga label if it is a private label product.

- One of their subsidiaries is a research center for labeling and certification standards worldwide. All imported products are tested in their lab. In the past they found GMO in U.S. soy formula and sent the product back.

- A company misrepresented their organic status and consumers lost confidence in the Korean organic seal, so confidence in foreign seals is higher.

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Korea Organic Farming Association (KOFA)
Twenty-five years ago, KOFA started as an association to teach farmers about organics. This proved difficult because the government wanted high quantity production, and they believed organic production yield was less. So in the beginning, the government opposed the organic movement.

Now KOFA is tasked with technical assistance to organic farmers, and consumer education to increase demand. They want to import more but the consumer market isn't growing enough, consumers need more education. The government has a budget for an organic education campaign, but it is small ($100 million Won/year). KOFA needs $20,000 Won/consumer for a one day educational program. Half of the $20,000 comes from government and half from KOFA.

There are 30,000 KOFA members but only 10% of farmers are paying their annual fee to KOFA ($10,000 Won). Because of this they can't educate many people. This past year, KOFA received a budget for 3,000 consumers ($60 million Won) from the government and KOFA paid $30 million Won. However, this is a large part of KOFA's budget and they can't sustain these levels.

KOFA selects which people to educate through their 24 provincial offices, which in turn select candidates from three affluent areas (the same mentioned before below the Hangang River). In their education program, they teach a cultural class, do organic tours with 1 1/2 hours lecture, provide an organic lunch, and give organic samples to take home. KOFA can educate 40 to 80 people at a time, 100% of the students participating are woman. Of the consumers who receive education, only 10% become organic consumers. KOFA recommends education before importing more products.

The two main constraints to increased sales are high prices and trust in the organic system. So during tours, KOFA shows students the bugs that come back into the soil because the soil is clean, and then students trust organic production claims.

Growth products will depend on demand, KOFA will follow consumer needs. According to them, fresh produce demand is growing faster than processed food demand.

Suggestion #1: Help with consumer education.

Suggestion #2: Provide organic product samples for consumers during training, especially new products, so they can test for Korean taste preference.

Suggestion #3: Offer lower prices to help cover their initial losses and help to develop the market. They have a 20% margin from imported products, which isn't sufficient to cover their current losses.

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KOFA Distribution Center/ Yuginongsan

The KOFA Distribution Center is associated with KOFA, but operates as a separate entity. KOFA has 30,000 farms in the membership. As of September 2003, 21,500 are environment friendly farms, 1200 pure organic, and 7500 conventional but in transition. Of the total, only 3000 distribute through the distribution center. Of this 3000, 70% are organic and 30% are environment friendly. They have annual sales of $20 million USD per year. Although they sell only in Korea, they are nationwide distributors.

The higher educated are the best consumer, affluent are second, and the health conscious are third. Although education is the most important factor, wealthier consumers tend to purchase more consistently. And overall, families with small children and teenagers are good target consumers because parents continue to make buying decision for teenagers.

Produce is the best seller (because they are the only products available right now with a large coverage). Mr. Sung-Sil Rim sees growth potential for baby food, fresh produce, and some potential for processed products, although it is very limited at this time.

Yuginongsan:
Yuginongsan is a separate company from KOFA that imports processed products. It is 85% owned by Mr. Rim. They import sugar, beverages, baby foods, coffee, ketchup, spices, and soy ice cream, among others. Their best seller is organic olive oil packaged in a nice gift box, and their second best seller is muesli. Baby food is a good seller because young mothers are concerned for children's health. A good growth area is in children products.

Ninety percent of U.S. imports are through Bethco International out of Connecticut; the rest is direct from the supplier. The imported quantities are too small right now to solely work direct with suppliers. Currently 80% of their import is from the U.S. and 20% from other markets.

There are several obstacles to selling organics. (1) Their biggest obstacle is misunderstandings with organic farmers in Korea; farmers don't support their company importing products. (2) Yuginongsan expected promotional support or subsidies from suppliers in the beginning, but the companies did not assist. So Yuginongsan had to pay all promotional costs, including a catalog. (3) Retail prices are too high and the breakeven point time-frame is too long, so they discount prices to sell. The price difference between conventional and organic is 2 to 4 times more for organic. Mr. Rim thinks they needed to discount because consumers know the prices from the U.S. and want the same price, and because of limited shelf life (sometimes the discount is up to 50% off). The consumer is very price conscious and they will only pay to a certain price point even though they understand the value of organic.

For a USD$1.00 U.S. product, Mr. Rim's price equals: 52-58% tariff plus delivery costs plus 10% vat = $2.50. With storage and rental costs it equals a $4.00 retail price.

Mr. Rim distributes to high end department stores in Seoul (7 stores), one store in Pusan, one in Ulsan and one in Taegu. Off line sales equal 70%, and on-line and specialty shops contribute 30% of sales. They have their own trucking and warehouses outside of Seoul and Yuginongsan's distribution of processed products in Seoul are to Hyundai, Lotte, Shinsegae (including Star Super), and Samsung plaza. PURUM is one of their brand names.

They want to develop demand by importing processed foods and then fill demand with Korean processed products. Mr. Rim indicated that 20 companies are importing processed products.

Yoon Suk Yank,
Smile Farm
Kyung gido, Namyangju city,
Joan Myun Joan Ri 649-2
Tel: (031) 576-4375

Fax: (031) 576-9911

<u>Smile Farm</u>
The farm was started 15 years ago and is located in the Yangpyung region, about one hour outside of downtown Seoul, where many organic farms are located. In this region, about 60% of farms are organic and 40% conventional. Of the 40% who are not organic, the owners are too old to convert their farms and their children aren't interested in working on the farm. Most farms in the area have only leafy greens and lettuce. Mr. Yoon Suk Yank works with five other farms in a cooperative and together they sell and deliver to a wholesale market outside of Seoul. Product is distributed to supermarkets like Wal-Mart, E-Mart, and Hanaro Mart. They sell under the brand of the cooperative, not under individual farm names; but consumers look for the organic seal and not necessarily brand name. Mr. Yoon Suk Yank's products sell for 1.5 to 2 times higher prices than conventional.

Mr. Yank thinks people are becoming aware and demand is growing because about 1800 people a year visit the farm to ask questions about organic production, including people from Japan. Mr. Yank would like to start a program where people come to the farm and he can teach them about organic. Mr. Yank is planning an educational center on his property.

Eun Young Yang, General Manager
Nyun Tae Kim, President
Seo Kyung Kim
Ein Plaza
IF Daechisanga B/D 604 Daechidong Kangnam_gu Seoul Korea
Tel: 82 2 539 3996,
Fax: 82 2 559 3983
Alt. Phone: 822 539 3155
Mobile: 82 17 341 0648
eyyang@einplaza.com
skntk@yahoo.com
www.einplaza.com

<u>Ein Plaza</u>
Ein Plaza is one specialty organic store (a little smaller than an Orga store) and is 80% organic. Their consumers are wealthy and educated, and approximately 50% understand organic. Consumers also recognize the label because of government ad programs. The top sellers are (1) grains, (2) produce and (3) breads. Products with the most growth potential are: cereals, yogurt and grains. Ein Plaza also purchases from Yuginongsan, and have products from Europe, Japan, U.S., France and New Zealand. They would like to sell a combination of local and imported products.

Ein Plaza feels that the impression of U.S. products is neither positive nor negative. There are no packaging or labeling requirements at this time. They think consumer education is a priority, and advertising is second.

Other Contacts

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Appendix 1: Organic Production and Certification Overview

Production of Organic Products

	1999	2000	2001	2002
Organic farms	601	669	899	1,505
Acreage of organic crops (hectares)	528	667	962	1,600
Quantity of organic production (ton) (A)	16,805	19,257	31,105	41,971
Quantity of total agro-production (1,000ton) (B)	18,944	19,311	19,696	19,672
Percentage (A/B)	0.1	0.1	0.2	0.2

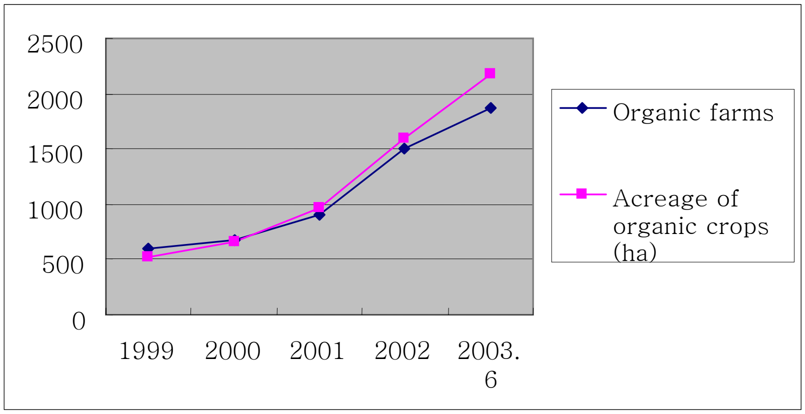
Source: NAQS, Ministry of Agriculture, Korea

Environmentally Friendly Agricultural Products (EFAP) Production
(6/30/2003)

	Farms	Acreage	Output(ton)
Organic	1,116	1,507	10,534
Transitional Organic	747	679	2,704
No Agri-Chemicals	6,202	5,805	41,667
Low Agri-Chemical	10,056	9,879	69,913
Total	18,121	17,870	124,818

Source: NAQS, Ministry of Agriculture, Korea

Organic Farms



Source: NAQS, Ministry of Agriculture, Korea

History of Certification

- ❑**1992. 7 Starting the Quality certification for conventional Agricultural products**
- ❑**1993.12 ORGANIC and PESTICIDE-FREE Ag. Products**
- ❑**1996. 3 LOW-PESTICIDE Ag. Products**
- ❑**1997. 12 Establishment of Environment-Friendly Agriculture Promotion Act (EFAPA)**
- ❑**1998. 12 Labeling registration system for EFAPs**
- ❑**2001. 1 Amendment of Environment-Friendly Agriculture Promotion Act**

Source: NAQS, Ministry of Agriculture, Korea

Main Mandates of Environment-Friendly Agriculture Promotion Act EFAPA

- ❑ Specialization of certification
- ❑ Require mandatory certification
- ❑ Labeling registration is valid until June 30, 2003
- ❑ Private certification

=> Full implementation of mandatory certification

Source: NAQS, Ministry of Agriculture, Korea

Two Categories of Organic

Agricultural Products

❑ **based on the EFAPA**

- accordance with the international standards such as Codex Guideline.
- applied to domestic and imported products

❑ **Certification is mandatory**

Processed Organic

❑ **the Food Sanitation Act**

- the regulations are with the international standards such as Codex Guideline.
- applied to domestic and imported products

❑ **Certification is not mandatory**

Source: NAQS, Ministry of Agriculture, Korea

Organic Labeling System

	Agricultural Products	Processed Food
Law	EFAPA	Food Sanitation Act
Authority	NAQS	KFDA
Labeling	Compulsory Certification	Voluntary labeling
Certification Body	NAQS, Private CB	Domestic : Imported : IFOAM, CB
Management	Inspect Farm(Soil, Water….) Analyze the final Product	Verify Certificate passing customs
Penalty($)	24,000	8,000

Source: NAQS, Ministry of Agriculture, Korea

Current Status of Fresh Organic Certification

ORGANIC

❖Crop and livestock

Similar to international standards

Farm must be chemical free for at least 3 years

No chemicals including pesticides and fertilizers

Permitted material list

SUSTAINABLE

❖Crop

- No Agriculture Chemicals :
  - No pesticide
  - Half chemical fertilizer
- Low-Pesticide :
  - Reduction to half
  - Two-thirds chemical fertilizer

Source: NAQS, Ministry of Agriculture, Korea

Organic Agricultural Products

- ❑ divided into two main parts
  - ❖ crops and livestock
- ❑ The crop products
  - ❖ Organic, Transitional Organic
  - ❖ No Agricultural Chemicals
  - ❖ Low Agricultural Chemicals
- ❑ livestock products
  - ❖ only organic

Source: NAQS, Ministry of Agriculture, Korea

Certification Procedures

- ❑ Apply his farming plan to local NAQS office or authorized private Certification Body (CB)
- ❑ NAQS & CB analyze farm soil, water & products and no application of chemical fertilizers in the process of farming
- ❑ Farmers can use certified organic label.
- ◆ NAQS analyzes organic products on the market to make sure that there are no pesticide residues

Source: NAQS, Ministry of Agriculture, Korea

Private Certification Bodies

❑**2001. 1 Amendment of EFAPA**
- allowed private CB

❑**2003.9 Five private CBs accredited by NAQS**
- *Huksalim(*called *Soil Research Institute)*
- *KOFA(Korea Organic Farmers Association*)
- Hannong(www.doalnara.com)
- Yangpoyng21
- Korea Soybean Processing Industry Association

❑Private CBs' proportion is around 10%

Source: NAQS, Ministry of Agriculture, Korea

Future of Organic

❑ At present, NAQS & Private CBs
- planning to transfer the certification to Accredited CBs (ACB)

❑ Accredited CBs manage the entire certification system

❑ NAQS(Government) supervise ACBs
- encouraging and supporting positively the applicants for certification agents

Source: NAQS, Ministry of Agriculture, Korea

❑ **NAQS**.

- Promoting ACBs to cope with the import/export of organic products
- Supervise the certified farmers to follow the regulations for the quality of the certified products.
- Executes a variety of measures to improve the consumers' reliability.

Source: NAQS, Ministry of Agriculture, Korea

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Appendix 2: Sample Transaction Certificate

Certifying Agency Name

TRANSACTION CERTIFICATE

This is to certify that,

* Name of manufacturer

CT-OTCQ-CO-02-00605
Class: OH

has shipped the following organic products to:

* name of importer
PO Number: PMR495

100 cases of Organic Made In Nature Dried Fruit
(Black Mission Figs & Apricot)

Lot Number: 228910225AB, 231210125AA

Ship Date: 01/04/2003
Ship Via: UTS Express AWB UT311906

Transaction Certificate Number: 03-00605-3210
Transaction Certificate Date: 01/06/2003

If there are any questions regarding this certificate, please call or fax the certifying agency at the above numbers.

RECEIVED
16 APR 2003
American Embassy
Seoul

원본대조필

Signature of
Certifying Agency
Representative

Revision date 05/29/02

Appendix 3: Food labeling requirements for Organic (unofficial)

Note: This is an unofficial translation provided by the Agricultural Affairs Office (FAS) in Korea. Please contact the Korean Food and Drug Administration (KFDA) for the official regulations.

Contact Information:
Food Safety Division
Food Safety Bureau
Korea Food and Drug Administration
Phone 82-2-380-1726 or 1727
Fax 82-2-388-6396

Labeling Standards for Food et al. (issued by KFDA)

A) The term "organic product" and other similar terms may be used only if the following criteria are met:

(1) Domestic foods

(A) Raw materials

<1> Not less than 95 percent (%) of the raw materials used in the manufacture/processing of a food (excluding purified water and sodium chloride. The same applies hereinafter) shall be agricultural/livestock/forestry products that are produced and certified in accordance with the quality standards for organic agricultural products under the quality standards for environmental agricultural products specified in Article 16 Paragraph 2 of the Environmental Agriculture Promotion Act and Annex 1 in relation to Article 7 of the Enforcement Regulations of the Environmental Agriculture Promotion Act (hereinafter referred to as "organic agricultural products").

<2> Organic and non-organic agricultural products shall not be used in mixture as one raw material.

<3> Raw materials not included on the list of raw materials that may be used during the manufacture/processing of organic food products in Table 3 shall not be used during the manufacture/processing of foods.

<4> Irradiated raw materials shall not be used.

<5> Genetically modified foods or food additives shall not be used.

<6> The container/package used for a food may be recycled or made of biodegradable material.

(B) Methods for manufacturing/processing, etc.

<1> Mechanical, physical or biological (fermentation, smoking, etc.) manufacturing/processing methods shall be used, and food additives shall be used in minimum quantities.

<2> Organic food products and non-organic food products shall not be manufactured/processed at the same time with the same facilities.

<3> If non-organic food products are manufactured/processed before the manufacture and processing of organic food products, the manufacturing facilities used for the manufacture/processing of non-organic food products shall be cleaned thoroughly and free from foreign materials.

<4> Organic food products as well as organic agricultural products to be used as raw materials shall be kept and stored separately from non-organic food products and non-organic agricultural products to be used as raw materials.

(C) Management of manufacturing plants

<1> The control of insects, etc. in the vicinity of plants shall be done in a mechanical, physical or biological way.

<2> If the control of insects, etc. done in a way specified above in <1> is not effective enough, agrochemicals, etc. may be used provided that such chemicals are not in direct contact with organic food products and organic agricultural products to be used as raw materials.

<3> The cleaning, disinfecting, and sterilization of parts of manufacturing facilities that may be in direct contact with foods shall not be made using chemicals (excluding food additives). If food additives are used for the above purposes, residues of such food additives shall not remain in manufacturing facilities.

(2) Imported foods

(A) If raw materials of an imported food are agricultural products that are subject to the quality standards for organic agricultural products specified in Article 16 Paragraph 2 of the Environmental Agricultural Promotion Act and Annex 1 in relation to Article 7 of the Enforcement Regulations of the Act, the quality of such raw materials shall be equal to or better than the above said quality standards.

(B) If raw materials of an imported food are agricultural products that are not subject to the quality standards for organic agricultural products specified in Article 16 Paragraph 2 of the

Environmental Agricultural Promotion Act and Annex 1 in relation to Article 7 of the Enforcement Regulations of the Act, quality standards shall be provided for such organic agricultural products in the exporting country of the food and such products shall meet such standards.

(C) The standards specified above in (1) (A) <2> through <6>, (B), and (C) shall be met.

(D) The determination as to whether an imported food meets the standards specified above in (A) through (C) may be based on a certificate issued by an organization which satisfies the qualifications for a certifying organization under the regulations concerning the labeling of organic agricultural products and organic food products as specified by the government of the exporting country of the food [a reliable organization such as one that is certified by international bodies such as IFOAM (International Federation of Organic Agricultural Movements)].

B) Labeling may be done in the following manner depending on the content of an organic agricultural product in a food (also applicable to imported foods):

(1) If a food meets the standards specified above in O) (1) (A) <2> through <6>, (B), and (C) [as for an imported food, standards in O) (2)], and the finished product of the food does not contain any other food or food additive except for organic agricultural products, the label "100% organic agricultural product" or similar labels may be used.

(2) If a food meets the standards specified above in O) (1) (A) <2> through <6>, (B), and (C) [as for an imported food, standards in O) (2)], and no less than 95 percent (%) of raw materials contained in the finished product of the food are organic agricultural products, the term "organic" or similar terms may be used as a part of the product name and stated on the main labeling panel of the container/package; and the name, seal and logo of the organization that has certified the organic agricultural products used in the product as well as other certification information may be stated. <u>In this case, the content of the organic agricultural products shall be stated in percentage in the labeling section for raw material names.</u>

(3) If a food meets the standards specified above in O) (1) (A) <2> through <6>, (B), and (C) [as for an imported food, standards in O) (2)], and 70 percent or more but less than 95 percent (%) of raw materials contained in the finished product of the food are organic agricultural products, the term "organic" or similar terms may be stated on a labeling surface of the container/package other than the main labeling panel. In this case, the content of the organic agricultural products shall be stated in percentage in the labeling section for raw material names.

(4) If a food not specified above in (1) through (3) uses organic agricultural products as raw materials, the term "organic" or similar terms may be used as a part of the names of such raw materials within the labeling section for raw material names. In this case, the content of the organic agricultural products shall be stated in percentage in the labeling section for raw material names.

Appendix 4: Retail Pricing Comparison

E-MART
(low end retailer)

Product	Size	Organic Price (Won)	Organic Price (US$)	Conventional Price (Won)	Conventional Price (US$)
Tofu*		2300	$2.09	1850	$1.68
Bean Sprout		1200	$1.09	1200/1100	$1.09/ $1.00
Lettuce : Mixed bag	220g	2280	$2.07		$0.00
Green leaf		2080	$1.89		$0.00
Red leaf		2080	$1.89	980	$0.89
Chicory	323g	1380	$1.25		$0.00
Spinach		1780	$1.62	980	$0.89
Leeks	300g	2380	$2.16	1750	$1.59
Carrots	500g	1950	$1.77	900	$0.82
Yams	800g	3480	$3.16	2400	$2.18
Yellow onion	1 Kg	3180	$2.89	3980/1.5 Kg	$3.62
Cucumber	2 ct.	2380	$2.16	1100	$1.00
Zucchini	each	2480	$2.25	790	$0.72
Small green peppers	150g	2480	$2.25	2700/ 200g	$2.45
Sesame leaf	40g	1350	$1.23	240	$0.22
Yuca	500g	2950	$2.68		$0.00
Cantaloupe	each	7980	$7.25	7980	$7.25
Small watermelon		9400	$8.55	15,800	$14.36
Tomato	1.7 Kg	6980	$6.35	4980	$4.53
Persimmon	2 ct.	4000	$3.64	3880	$3.53
Cherry tomato	500g	2480	$2.25	1872	$1.70
Apple	4 ct.	3800	$3.45	4980	$4.53
Apple (store brand)	6 ct.	3800	$3.45		$0.00
Asian pear	3 ct.	5800	$5.27	5480/ 4 ct.	$4.98
Chestnuts	600g	5980	$5.44	4800/5980	$4.36/ $5.44
Strawberry	500g	6480	$5.89	7800	$7.09
Tangerine	600g	2280	$2.07	1200	$1.09
Brown Rice	3 Kg	11800	$10.73	8100	$7.36

* No other processed organic products found

Lotte Department Store
(very high end store)

Product	Size	Organic Price (Won)	Organic Price (US$)	Conventional Price (Won)	Conventional Price (US$)
Small green peppers	150g	2700	$2.45	2180/ 168g	$1.98
Bell peppers	310g	2790	$2.54		
Corn	4 ears	7000	$6.36		
Garlic	200g	2700	$2.45	1560	$1.42
Chinese	each	3500	$3.18		

Cabbage					
Ginger	546g	4368	$3.97		
Sesame leaf	bunch	1800	$1.64		
Red leaf lettuce	150g	1800	$1.64		
Small green onion	300g	3200	$2.91		
Mixed Salad	250g	2800	$2.55		
Leeks	300g	2700	$2.45		
Aloe	100g	980	$0.89		
Cabbage	1/2 (406g)	1827	$1.66		
Yellow onion	6 ct.	3563	$3.24	1800/ 3 ct.	$1.64
Small potatoes	1024g	4063	$3.69		
Carrots	374g	1496	$1.36	1140/254 g	$1.04
Brocoli	236g	2832	$2.57		
Zucchini	1 ct	2900	$2.64		
Brown Rice	2 Kg	9000	$8.18		
Kiwi	6 ct.	5000	$4.55		
Cherry Tomato	500g	3000	$2.73		
Spectrum Mayonnaise	16 oz	14000	$12.73		
Walnut Acres Salsa	15 oz	12100	$11.00		
Walnut Acres Tomato Sauce	1 lb	12500	$11.36		
Cascadian Farms cereal	various	10,000	$9.09		
		15000	$13.64		
Baby Food (UK)	190g	4100	$3.73		
Santa Cruz lemon lime drink	can	2500	$2.27		
Ketchup	1 lb	11000	$10.00		
	8 oz	2900	$2.64		
Olive Oil	500 ml	11000	$10.00		
Premier Valley Foods Raisins		14000	$12.73		
Figs	8 oz	13000	$11.82		
Pacific Soy beverage	32 oz	7400	$6.73		
Florida Crystals Sugar	14 oz	6900	$6.27		
Coffee (UK)	100g	12400	$11.27		
Jelly (Canada)	10 oz	9500	$8.64		

Guten Morgen (Located in Hyundai Department Store - high-end)

Product	Size	Organic Price (Won)	Organic Price (US$)
Spiral Pasta	500g	$9,500	$8.64
Soup mix	40g	$4,300	$3.91
Strawberry jam	290g	$14,400	$13.09
Ketchup	500ml	$11,500	$10.45
Red beans	250g	$8,400	$7.64
Baby cookies	100g	$4,500	$4.09
Olive oil	1 L	$27,000	$24.55
Muesli	500g	$12,000	$10.91
Balsamic vinegar	250 ml	$9,500	$8.64
Wine vinegar	250 ml	$7,900	$7.18
Rice cakes	100g	$4,500	$4.09
Salt	500g	$4,100	$3.73
Whole wheat	1 kg	$5,900	$5.36
Baby food	190g	$3,900	$3.55
Carrot baby juice	200ml	$4,800	$4.36
Small baby food	125g	$2,900	$2.64
Apple juice	750ml	$8,900	$8.09
Carrot juice	750 ml	$14,500	$13.18

All products were German or from the EU.

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Appendix 5: Trade Statistics: All Exports from the U.S. to Korea

(Conventional and organic products)

17-Dec-03

UNITED STATES DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURAL SERVICE

BICO EXPORT COMMODITY AGGREGATIONS

AREA/COUNTRIES OF DESTINATION AND COMMODITIES EXPORTED				JANUARY - DECEMBER VALUES IN 1000 DOLLARS		
	2000	2001	2002	2002	2003	%CHNG
KOREA, REPUBLIC OF						
BULK	**800,949**	**884,854**	**688,265**	**550,139**	**527,465**	**-4.12**
SOYBEANS	265,805	219,205	247,150	200,655	205,458	2.39
WHEAT	180,559	172,978	187,244	143,122	169,274	18.27
COTTON	95,947	160,960	102,670	87,849	85,651	-2.5
COARSE GRAINS	202,895	276,443	79,322	70,679	28,330	-59.92
TOBACCO	44,354	33,742	36,931	27,481	24,145	-12.14
RICE	766	4,085	20,137	9,700	457	-95.29
OTHER BULK	8,473	15,836	11,510	7,788	12,246	57.24
PULSES	1,675	1,218	2,990	2,554	1,827	-28.47
PEANUTS	474	387	311	311	78	-74.92
INTERMEDIATE	**760,492**	**786,602**	**735,686**	**609,555**	**574,560**	**-5.74**
HIDES and SKINS	521,478	582,471	463,273	387,026	361,977	-6.47
FEEDS and FODDERS	77,455	74,731	83,037	69,121	84,183	21.79
OTHER INTERMEDIATE	45,857	54,451	68,940	56,021	55,122	-1.6
SOYBEAN OIL	33,616	2,419	33,831	33,093	21,270	-35.73
ANIMAL FATS	22,755	9,275	20,894	17,171	7,910	-53.93
VEGETABLE OILS (EX SOY)	17,189	16,362	17,889	16,071	8,657	-46.13
SOYBEAN MEAL	17,721	12,189	15,482	6,476	11,764	81.66
PLANTING SEEDS	11,753	17,115	15,086	10,855	11,304	4.14
SUGAR, SWEETNER, BASES	7,432	11,048	11,634	10,284	7,506	-27.01
LIVE ANIMALS	5,057	6,304	5,184	3,148	4,625	46.92
WHEAT FLOUR	179	235	435	290	240	-17.24
CONSUMER-ORIENTED	**984,328**	**916,737**	**1,248,020**	**1,005,210**	**1,219,558**	**21.32**
RED MEATS, FR/CH/FR	539,390	411,090	680,755	546,348	742,225	35.85
OTHER CONSUMER ORIENTED	90,412	102,975	121,808	101,003	97,306	-3.66
FRESH FRUIT	53,706	57,085	80,384	66,321	83,119	25.33
POULTRY MEAT	52,392	82,586	78,991	68,932	43,970	-36.21
PROCESSED FRUIT and VEG	81,647	75,409	72,052	58,135	53,552	-7.88

SNACK FOODS	58,889	44,499	54,570	38,978	41,798	7.23
DAIRY PRODUCTS	33,283	44,235	40,616	34,829	35,773	2.71
FRUIT and VEG JUICES	21,639	26,583	38,006	32,323	31,423	-2.78
TREE NUTS	17,265	22,793	25,637	19,116	25,183	31.74
RED MEATS, PREP/PRES	4,011	5,552	18,964	11,876	20,167	69.81
PET FOODS	7,865	10,135	15,408	10,713	20,076	87.4
WINE AND BEER	5,713	9,014	7,470	6,038	8,421	39.47
FRESH VEGETABLES	3,290	6,498	6,232	4,885	11,224	129.76
BREAKFAST CEREALS	10,670	10,567	3,134	2,657	2,184	-17.8
EGGS and PRODUCTS	4,046	6,752	2,772	2,233	2,272	1.75
NURSERY PRODUCTS	111	965	1,222	821	864	5.24
FOREST PRODUCTS	**143,556**	**116,856**	**133,015**	**109,065**	**100,374**	**-7.97**
LOGS AND CHIPS	75,015	70,556	74,472	61,138	57,654	-5.7
HARDWOOD LUMBER	28,744	20,464	24,659	20,695	16,364	-20.93
PANEL/PLYWOOD PRODUCTS	16,974	13,302	17,080	14,714	9,510	-35.37
OTHER WOOD PRODUCTS	14,251	10,079	11,714	8,252	14,535	76.14
SOFT/TREATED LUMBER	8,572	2,454	5,090	4,266	2,310	-45.85
SEAFOOD PRODUCTS	**201,478**	**328,825**	**296,090**	**276,626**	**369,787**	**33.68**
SURIMI (FISH PASTE)	66,620	101,784	114,449	112,104	113,009	0.81
OTHER SEAFOOD	92,658	116,219	112,422	97,624	102,123	4.61
ROE/URCHIN/FISH EGGS	39,186	104,655	65,802	63,618	150,256	136.18
SALMON WHOLE/EVIS	2,668	5,129	2,564	2,457	4,281	74.24
CRAB and MEAT	346	283	851	821	119	-85.51
SALMON CANNED	0	755	3	3	0	--
AGRICULTURAL TOTAL	**2,545,768**	**2,588,193**	**2,671,971**	**2,164,904**	**2,321,583**	**7.24**
AG,FISH,FOREST TOTAL	**2,890,802**	**3,033,874**	**3,101,076**	**2,550,595**	**2,791,744**	**9.45**

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