

ROK Market Brief No.4

Banana and Plantain Market

Opportunities under the Korea-Central America Free Trade Agreement

The Korea-Central America FTA (K-CA FTA) brings significant benefits for CA exporters. Under the agreement, the Republic of Korea and the Central American countries will immediately or gradually reduce tariff on more than 95 percent of traded products. Such benefit will help CA exporters compete with exporters from other countries which have trade deals with Korea.

This guide provides an overview of the banana and plantain category that benefit from tariff reductions under the K-CA FTA and have market access.



Market Snapshot

The ROK banana market has shown a gradual decline recently. The market volume steadily decreased from 427,150 tons in 2018 to 319,850 tons by 2022, showing annual growth rate at -6.84% during the same period. In terms of value, it showed 360,129 million USD in 2018 to 283,876 million USD in 2022, showing the annual growth rate of -5.44%.

The ROK banana market is 100% dependent on import – despite the attempts to boost up the domestic production using the advanced technologies, the domestic production and export are not meaningful at all with 0% share of the ROK banana market.

Figure 1. ROK banana market in volume (2018-2022)

(Unit: Ton)

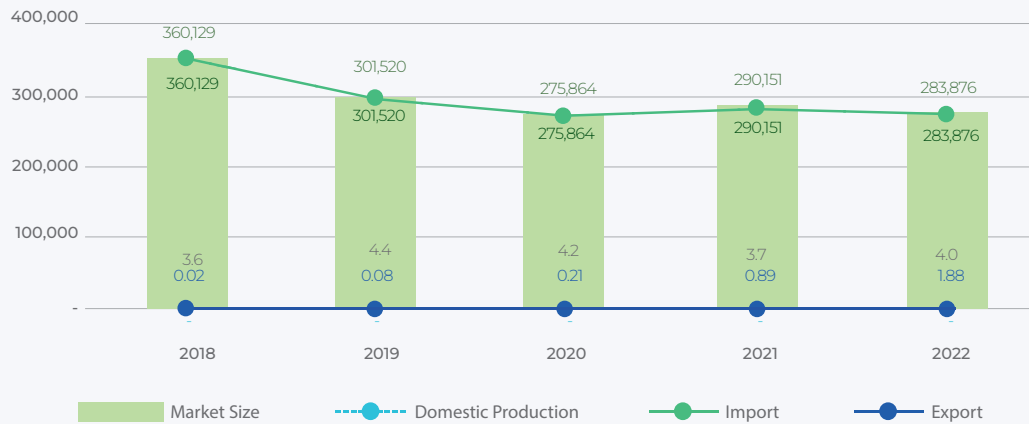


Source) KOSIS (2023); Korea Customs Service Import and Export Statistics (2023)

Note) Market Size = (Domestic production+Import) – Export

Figure 2. ROK banana market in value (2018-2022)

(Unit: million USD)



Source) KOSIS (2023); Korea Customs Service Import and Export Statistics (2023)

Note) Market Size = (Domestic production+Import) – Export

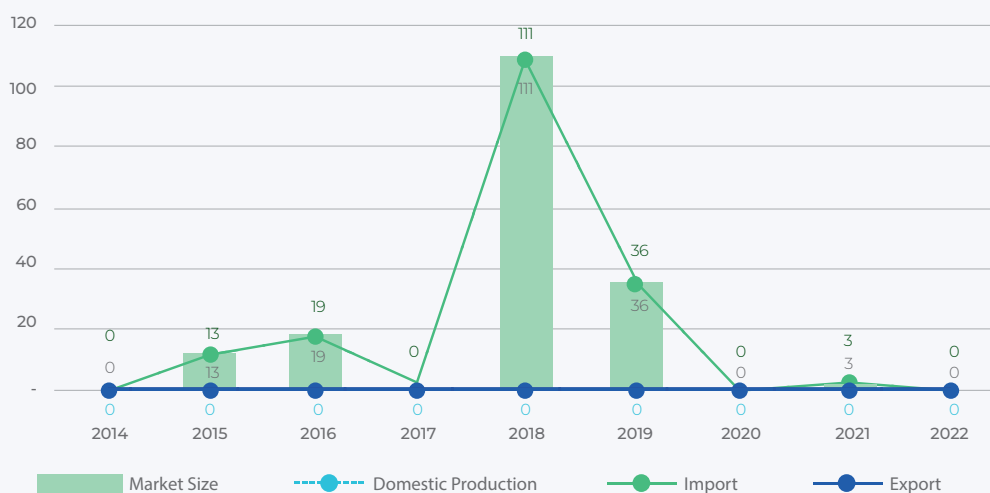
Considering that the market size is likely to decrease steadily both in value and volume, Korea's banana market is forecasted to have at the annual growth rate of -5% for the next years.

When it comes to the plantains, there is no market in ROK. In the past, there was a temporary market since 2015 with 13.4 tons in volume and 14,000 USD in value, and it had suddenly increased to 111 tons at 920,000 USD in 2018, then sharply reduced to 0 in 2020 and remained at zero until 2024.

As for plantains, it is considered that there is no market, hence, there will be no meaningful ROK plantain market growth or at 0% for the next 5 years from 2022 to 2027.

Figure 3. ROK plantain market in volume (2014-2022)

(Unit: Ton)

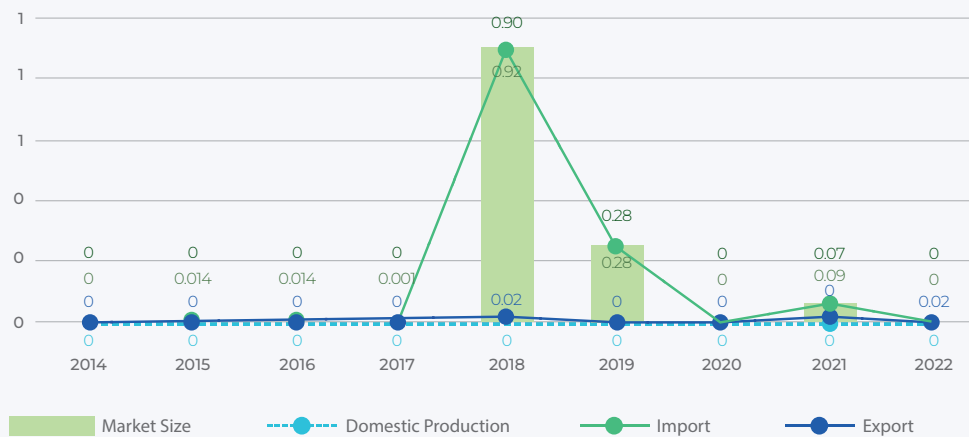


Source) KOSIS (2023); Korea Customs Service Import and Export Statistics (2024)

Note) Market Size = (Domestic production+Import) – Export

Figure 4. ROK plantain market in value (2014-2022)

(Unit: million USD)



Source) KOSIS (2023); Korea Customs Service Import and Export Statistics (2024)

Note) Market Size = (Domestic production+Import) – Export

Understanding the tariff structure is essential for Central American exporters looking to establish a foothold in the ROK market. The CA countries have a comparative advantage thanks to the lower tariffs applied to banana. The detailed tariffs are described in the table below:

Table 1. Tariff on HS Code 080390, 080310 as of 2024

Country	HS Code	Product	WTO bound rate	Current rate (2024)	Elimination of custom duties ¹
Costa Rica	080390.0000	Banana	90%	0%	2023.01.01
	080310.0000	Plantain	90%	18%	2033.01.01
El Salvador	080390.0000	Banana	90%	20%	2034.01.01
	080310.0000	Plantain	90%	20%	2034.01.01
Panama	080390.0000	Banana	90%	6%	2025.01.01
	080310.0000	Plantain	90%	6%	2025.01.01
Honduras	080390.0000	Banana	90%	0%	2023.01.01
	080310.0000	Plantain	90%	0%	2023.01.01
Nicaragua	080390.0000	Banana	90%	0%	2023.01.01
	080310.0000	Plantain	90%	0%	2023.01.01
Guatemala	080390.0000	Banana	90%	24%	2028.01.01
	080310.0000	Plantain	90%	24%	2028.01.01
Philippines ²	080390.0000	Banana	90%	0%	2016.01.01
	080310.0000	Plantain	90%	0%	2016.01.01

Source) Customs Law Information Portal. (2024); FTA powerhouse, KOREA (2024)

¹ Effective date of the FTA: Nicaragua and Honduras (Oct. 2019), Costa Rica (Nov. 2019), El Salvador (Jan. 2020), Panama (Mar. 2021), For Guatemala, it is assumed in the report that the FTA will come into effect within the year 2024.

² The tariff rate applied for the Philippines' banana and plantain under the Korea-ASEAN FTA is 0% since 2016.



Competitive Landscape

In ROK banana market, the Philippines and Vietnam are the major suppliers which account for 80% of total banana imports. The detailed import statistics in volume from 2018 to 2022 is presented in the table below.

Table 2. Import volume of Bananas, fresh or dried per country (2018-2022)

(Unit: Ton)

	2018	2019	2020	2021	2022
Philippines	332,344	286,916	260,795	257,820	234,106
Vietnam	7,161	6,686	7,873	10,719	21,486
Colombia	20	1,104	27,173	27,407	16,250
Ecuador	43,474	32,951	21,657	21,314	15,089
Guatemala	18,854	20,007	17,086	11,154	12,565
Peru	13,449	13,354	10,933	12,365	11,750
Costa Rica	104	42	68	9,029	8,595
Thailand	16	185	14	10	10
Others	11,727	7,092	6,395	2,084	0
Total	427,150	368,338	351,994	351,903	319,852

Source) Customs and Excise Department import and export statistics (2023)

Within imported products, Philippines and Vietnam products have almost monopolized over the past five years, so the market for imported products, in general, is structured as an oligopoly between Philippines and Vietnam products.

Plantain is still unfamiliar to general ROK consumers with little awareness on its usage. As a result, over the past 10 years, the import scale of plantains is hard to grasp as most of the yearly total value is under 1,000 USD. Likewise, the import volume of plantains over the past 10 years also showed a sharp decline from about 111 tons in 2018 to about 36 tons in 2019, reaching total mere 3kg in 2023.

Table 3. Import volume of Plantains per country 2014-2023

(Unit: Kg)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Ecuador	-	13,254	636	108	110,618	35,754	-	-	-	-
Thailand	-	35	1	-	-	-	-	3,077	-	2
India	-	-	17,699	-	-	-	-	-	-	-
Laos	-	-	200	-	-	-	-	-	-	-
Indonesia	-	143	-	-	-	-	-	-	-	-
USA	-	-	-	-	-	-	1	2	3	1
Vietnam	1	0	-	-	-	4	-	8	-	-
Colombia	-	-	1	-	1	-	1	-	-	-
Guatemala	-	-	-	-	27	-	-	-	-	-
Peru	-	-	9	-	-	-	-	-	-	-
Philippines	-	-	-	104	14	-	-	8	-	-
Nigeria	-	8	-	-	-	-	-	-	-	-
Total	1	13,440	18,546	212	110,660	35,758	2	3,095	3	3

Source) Customs and Excise Department import and export statistics (2023)



Consumer Preference

The significant role of bananas in the Korean fruit market is evident. There are widespread and stable demand for bananas within Korean households. Despite fluctuations tied to seasonal variations, banana has been keeping its dominance as the most imported fruit to Korea both in terms of volume and value over the past decade.

As of 2022, Banana accounted for 44.9% of the total imported fruit, followed by orange and pineapple which accounted for 10.3% when combined. This enduring popularity underscores the fruit's integral position in the daily dietary habits of the Korean population.

According to Korea Rural Economic Institute (KREI)'s consumer survey in 2019, 97.2% of Korean consumers have eaten raw banana at homes and their reasons of purchase was mainly due to the low price (46.9%) and good taste (43.8%). As for the frequency of purchase, bi-weekly (35.1%), monthly (25.4%), and weekly (19.3%) were answered the most. In addition, the most chosen shopping location were hyper markets (70.5%), department stores (36.6%), and retail supermarkets (28.7%).

Although the most common type of banana in Korea is ripe Cavendish, among Korean consumers, there are increasing trend of selling and eating underripe bananas, called "green bananas" for considering it healthy. Also, diverse varieties of bananas including saba banana, rose banana, baby banana, kiwitee banana has appeared.

Figure 5. Various types of bananas imported in Korea market



In addition, reflecting Korean consumers' preference to banana, Korean food and beverage market launched various banana products, such as banana milk, banana juice, banana pies, chips, and snacks.

Figure 6. Processed or flavored Banana Food Products





Main Distribution Channels

In ROK market, the banana-importing landscape is characterized by a notable concentration of a group of major players. A significant majority of banana imports are controlled by four major companies: Dole (30%), Del Monte (20%), Sumifru (20%), and Jinwon (5%). These industry leaders wield considerable influence over both the supply chains and market trends, shaping the dynamics of banana consumption in Korea. The list of major Korean importers of banana are in in the Table below:

Table 4. Major ROK Importers of Banana

No.	Company name	Enterprise scale	Import value (Unit: million USD)	Import Frequencies (2023.1~2024.1)	Industry classification	Major importing countries	Address	Tel	Website
1	Dole Korea Ltd.	Conglomerate	Exceeds 100	973	Fruit and vegetable wholesale	Philippines, USA, Peru	511, Yeongdong-daero, Gangnam-gu, Seoul, Republic of Korea	+82-(0)2-2040-3872	https://dolesunshine.com/kr/ko/
2	Del Monte Fresh Produce Korea Ltd.	Midsized business	Exceeds 100	392	Fruit and vegetable wholesale	Guatemala, Chile, Philippines	511, Samseong-ro, Gangnam-gu, Seoul, Republic of Korea	+82-(0)2-6242-4200	www.freshdelmonte.co.kr
3	Sumifru Korea Corporation	Midsized business	Exceeds 100	-	Fruit and vegetable wholesale	Ecuador, Colombia, Peru	22, Teheran-ro 87-gil, Gangnam-gu, Seoul, Republic of Korea	+82-(0)2-3453-4611	www.sumifru.co.kr
4	Jinwon Trading Co., Ltd.	Midsized business	Exceeds 100	375	Fruit and vegetable wholesale	South Africa, New Zealand, Mexico	40, Balsan-ro, Gangseo-gu, Seoul, Republic of Korea	+82-(0)2-715-0711	http://www.jinwon.kr/
5	Shinsegae Food Inc.	Conglomerate	Exceeds 100	-	Institutional cafeteria business	USA, Australia, Norway	56 Seongsuil-ro, Seongdong-gu, Seoul, Republic of Korea	+82-(0)2-3397-6000	www.shinsegaefood.com
6	Coupang Corp.	Midsized business	20 ~ 50	-	Offline distribution	China, USA, Denmark	570, Songpa-daero, Songpa-gu, Seoul, Republic of Korea	+82-1577-7011	www.coupang.com
7	FP ARENA	Midsized business	-	257	Fruit and vegetable wholesale	Philippines, Ecuador	56 Jungdae-ro, Songpa-gu, Seoul, Republic of Korea	+82-(0)2-400-8633	https://fp-arena.com/index.php/en/1124-2/

No.	Company name	Enterprise scale	Import value (Unit: million USD)	Import Frequencies (2023.1~2024.1)	Industry classification	Major importing countries	Address	Tel	Website
8	LATIDA	SMEs	-	-	Food and cookware distribution	Guatemala, Colombia	68-4 Gangnam-daero 10-gil, Seocho-gu, Seoul, Republic of Korea	+82-(0)10-2821-0691	https://www.latidaglobal.com/
9	HANLA Food	SMEs	-	242	Vegetable, fruit and root crop retailing		90, Donggureung-ro 136beon-gil, Guri-si, Gyeonggi-do, Republic of Korea	+82-(0)31-557-0927	-

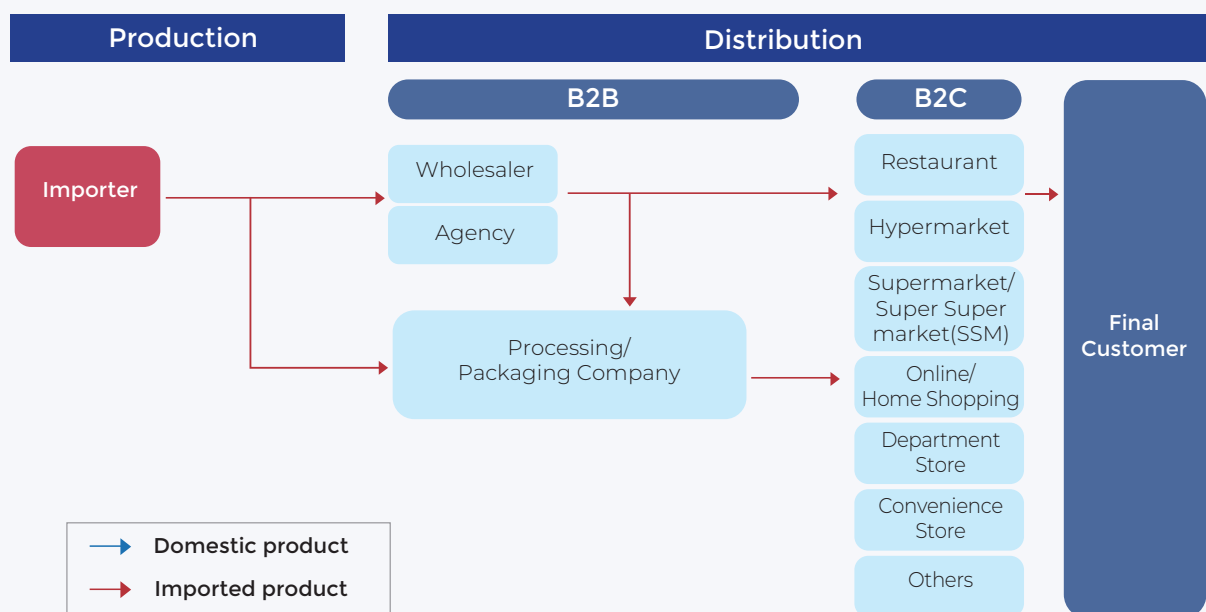
Source) KOIMA (www.koima.or.kr)

Despite the attempts to domestically produce bananas in Korea, favored by climate change that increases temperature fit for farming banana and ROK's greenhouse technology, the domestic production of banana is insignificant and rarely distributed in the ROK market due to the high cost of production. In this regard, ROK's banana market largely dependent on import.

The distribution for fruits in Korea is primarily divided into 2 channels: (i) wholesale markets, accounting for 60 to 65% of the market share, and (ii) major retailers, making up about 35 to 40%. Despite attempts by some major retailers to engage in direct imports, challenges arising from harsh international trade conditions have limited these initiatives.

In the wholesale market, the process typically involves the importers supplying fruits to wholesale markets across the country, which then distribute to small retailers. For large retailers, the process is more intricate, beginning with either the importer or direct import, followed by a packaging center for individual barcode labeling, repackaging, and quality checks. The fruits then move to the large retailer's warehouse before reaching hypermarkets.

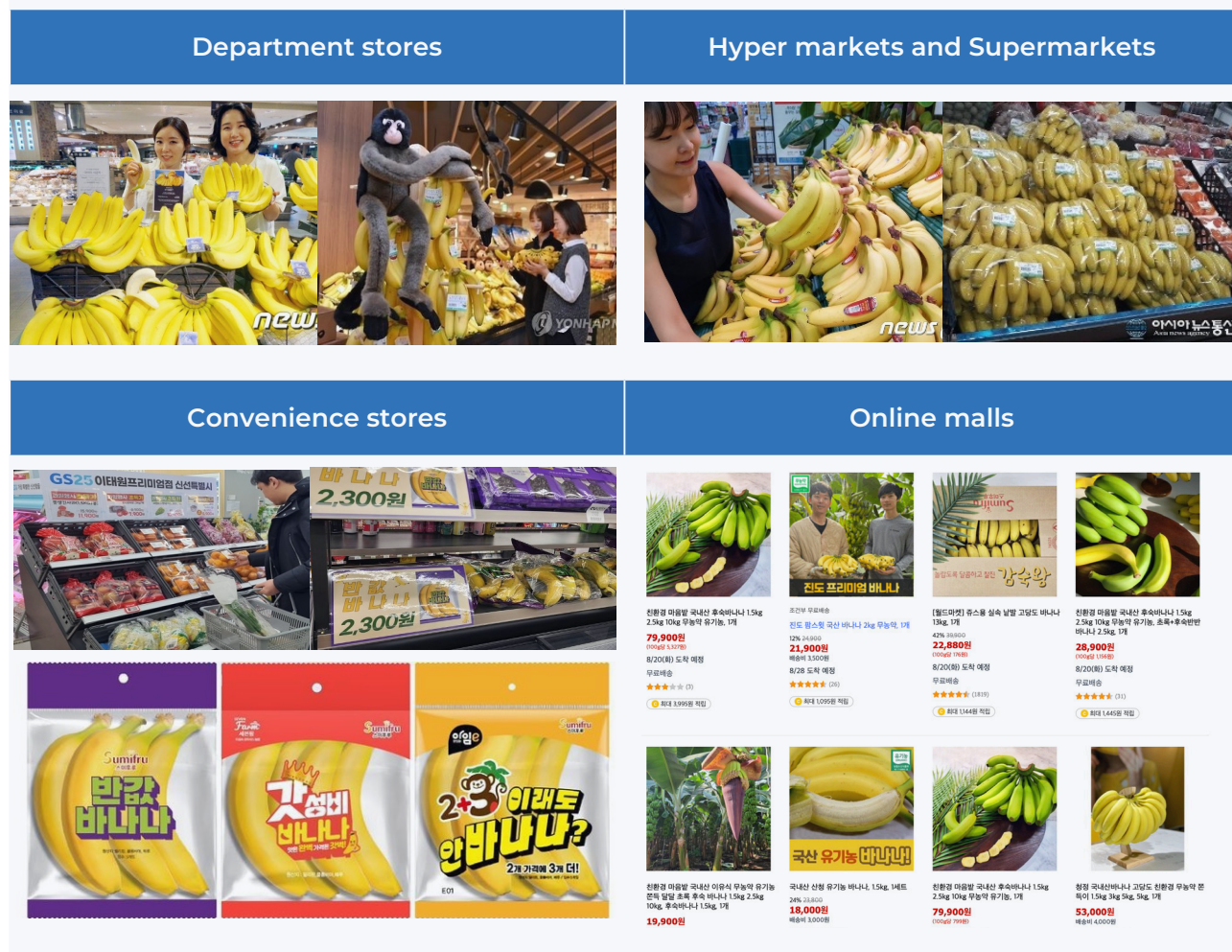
Figure 9. Distribution Channel of Banana



Source) aT KAMIS. (2020).

Considering the Korean consumer preference for specific size of banana, full hand clusters (8 or 10 hands) are available at department stores and hypermarkets, and 5 hands or single hand banana pieces are available at convenience stores. On the other hand, all types and size banana products are available on online malls.

Figure 10. Bananas per markets



Source) Dailian (2024); Newsis (2024); Maekyung (2024); News1 (2016, 2017)



Regulations

Import Requirements

Two import requirements must be reviewed and prepared for export before export pursuant to the applicable laws and regulations of the Republic of Korea to export edible bananas (080390) and plantain (080310) to Korea.

It is necessary to verify whether the exported banana and plantain are subject to plant quarantine (phytosanitary) and a thorough inspection by the Ministry of Food and Drug Safety. The following is the detailed information on the inspection.

First, the importer of banana and plantain must have an original phytosanitary certificate issued by the competent authority of the exporting country pursuant to the provisions of **Article 8 of the Plant Protection Act**, apply for quarantine at the competent agricultural, forestry, and livestock quarantine office, and undergo quarantine by a plant quarantine officer.

One thing to keep in mind is that edible bananas and plantain that can be imported into Korea must be unripe. If bananas are even slightly ripe, the phytosanitary inspection will reject them as unacceptable, and they must be returned to where they came from or discarded. Also, the original phytosanitary certificate is valid only if issued before shipment, except in exceptional cases.

Plants must undergo quarantine at the port of import (arrival area), and the importer must apply for plant quarantine within ten (10) days after they arrive at the bonded area. If plants are sent in bonded cargo to an area other than the port of import or the importer fails to apply for quarantine within the period, a fine will be imposed on the importer.

Pursuant to **Article 20 of the Special Act on Imported Food Safety Control**, edible bananas must undergo a thorough inspection upon import for the first time after declaring the food preparation to the head of the Regional Offices of Food and Drug Safety. Before importing, the person who establishes and operates the packaging site or the importer must register the packaging site with the Ministry of Food and Drug Safety by filling out a confirmation form of registered information. In addition, the export business must also be registered, but the export business can be registered only after the importer and the importer's agent receive shipping documents, including the B/L.

A Korean label containing the following information must be attached to the product or retail packaging to declare a product to the Ministry of Food and Drug Safety. Korean labels can be attached to products either in exporting countries or in bonded areas in Korea after import.

Table 5. Information to be included in the Product label: Banana & Plantain

Product Name	
Raw ingredients and contents	
Country of Origin	
Date of production or date of packaging	
Packaging Material	
Storage Method	
Name and Location of the Importer	
Import sales business contact information	
Returns and exchanges information	

Source) Rohan Customs Advisory Office

Import Process

In order to import edible bananas and plantains, documents and data such as the original phytosanitary certificate of the exporting country and shipping documents must be prepared in advance, and edible bananas will undergo plant quarantine by the Animal and Plant Quarantine Agency.

At the same time, the importer takes a photo of a Korean label attached to the product for a thorough inspection by the Ministry of Food and Drug Safety. If the product passes the plant quarantine and thorough inspection by the Ministry of Food and Drug Safety, the importer can duly clear the customs import clearance, and if there are no other issues, the importer can receive the product after paying taxes.

If the product's net weight does not exceed 100 kg during the first thorough lab inspection, the thorough inspection must be performed again when the next shipping weight exceeds 100 kg. The thorough inspection remains valid for five (5) years.

Other Obligations and Cautions

Edible bananas sold after import must indicate the country of origin on either the smallest retail packaging or packaging container (packaging boxes, sacks, containers, etc.). The country of origin must be marked in Korean, Chinese characters, or English and must be indicated as 'MADE IN [country name].' The marking method varies depending on the packaging surface area, but the font size must be a minimum of 12 points font size.



SWOT Analysis



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Strengths

Among all the other imported fruits, Korean consumers show firm and high demand and preference on banana, and such popularity of banana would be unyieldingly maintained going forward.

In this regard, the ROK market also stands out with creating variety of banana derivative products such as banana milk, banana pie, banana cakes, and so forth; and such collaborations will ultimately maintain or increase the demands on the importation of banana.

Another strength factor is that ROK market hold high awareness and familiarity of banana from the Latin America region – this would play as a crucial role when branding and seeking further market opportunities.

Most importantly, K-CA FTA would enable CA exporters to enjoy the full tariff-free status and the effective year per each CA country is as follow: Costa Rica (2023), El Salvador (2034), Panama (2025), Honduras (2023), Nicaragua (2023), and Guatemala (2028).



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Weakness

In general, importing products from Central America can be challenging due to the long logistics time of at least 30-50 days and the relatively high logistics freight cost of transporting products in a refrigerated or frozen container.

When it comes to Plantain, the absence of demand from Korean consumers is considered a structural weakness factor. Hence, domestic market is not ready for plantains and the demand needs to be created first before developing a supply strategy.

In addition, Korean government has complicated regulatory requirements for health certificate, phytosanitary certificate, and lab test result (for the first time). Complying and preparing all the requirements is critical for successful export of banana and plantain to the ROK market.

Moreover, the demand and supply cycle of CA and ROK are the opposite – when the ROK market has large demand offering higher price, CA's production of banana is low. Such circumstances pose less advantage for CA exporters than other competitors.

⁵ Ministry of Agriculture, Food and Rural Affairs (MAFRA) of Korea selects the products to be purchased by the Government to adjust the market price. The selection criteria include seasonal production and price fluctuation of essential Agri products for Korean population, necessity of strengthening domestic production of supply of key Agri products. These products as of 2023 include bean, maize, onion, garlic, ginger, pepper, sesame, apple, pear, etc.



Opportunities

Historically, the Philippines predominantly supplied its banana with an overwhelming market share at 99% to the ROK market, however, due to plant disease of Tropical Race 4 (TR4), banana production in the Philippines decreased more than 20%. Consequently, the Philippines' market share in 2023 has dropped to less than 70%, signaling a notable shift in the market dynamics. Such diminished market share of bananas from the Philippines yields significant opportunity for CA bananas.

In addition, there is increasing demand on frozen bananas due to its lower price, convenience with longer storage, and healthy trend. All combined, these reasons would lead to more demand of frozen bananas in ROK market, which offers a great opportunity for CA exporters to expand to ROK market.

For plantains, despite the lack of demand, could be initially introduced through various restaurants that serve Latin American cuisine. Using such channels is considered a smooth and easy way to introducing plantain (dishes) to test Korean consumers' appetite and preference.



Threats

Central American bananas could face potential challenges in the Korean market, primarily from other FTAs that could alter the competitive landscape. Notably, the Philippines and Korea signed an FTA in 2023, set to come into force in 2024. Additionally, negotiations between Korea and Ecuador for the Southeast Asia Comprehensive Agreement (SECA) concluded in 2023. Ecuador, being the leading global exporter of bananas, and the Philippines consistently ranking second or third, pose formidable competition.



Business Case

ROK Market Insights

- Banana exported from the Philippines is dominant, but the share is continuously decreasing in ROK
- Korean consumers' steady and enthusiastic preference on banana among other fruits
- Latin America's bananas hold relatively high awareness in ROK market

Niche

- To create long-term and exclusive contract with big retailer
- To introduce versatile forms of bananas including frozen bananas

Cultural Adaptation

- Understand Korean consumers' interest and concern for healthy and organic food
- Understand Korean consumers' preference to well-known and large company and suppliers

Strategy Snapshot



- To enhance the visibility and exportability of CA banana to ROK market, it is recommended to participate in the various B2B promotional campaigns hosted in ROK on the preferential basis.
- To strengthen the existing position and expand the foothold of renown CA bananas in ROK market, it is recommended to diversify its forms of product, such as dried or frozen banana.
- To increase its volume and sustainability of trade, it is suggested to make the long-term and exclusive contract with ROK big retailer (major supermarket chains), who dominates the most of accessibility to final consumers.

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Authors

Jimyong Suh

Senior Market Researcher
GDC Consulting Co., Ltd.,
Seoul, Korea

Minyoung Jang

Market Researcher
GDC Consulting Co., Ltd.,
Seoul, Korea

Minjae Song

Market Researcher
GDC Consulting Co., Ltd.,
Seoul, Korea

Minyoung Kim

Market Researcher
GDC Consulting Co., Ltd.,
Seoul, Korea

Hongro Lee

Head Customs Agent
Rohan Customs Service
Company, Seoul, Korea

Juwon Sul

Market Specialist
LATIDA, Seoul, Korea

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