

U.S. Horticultural Exports to Asia

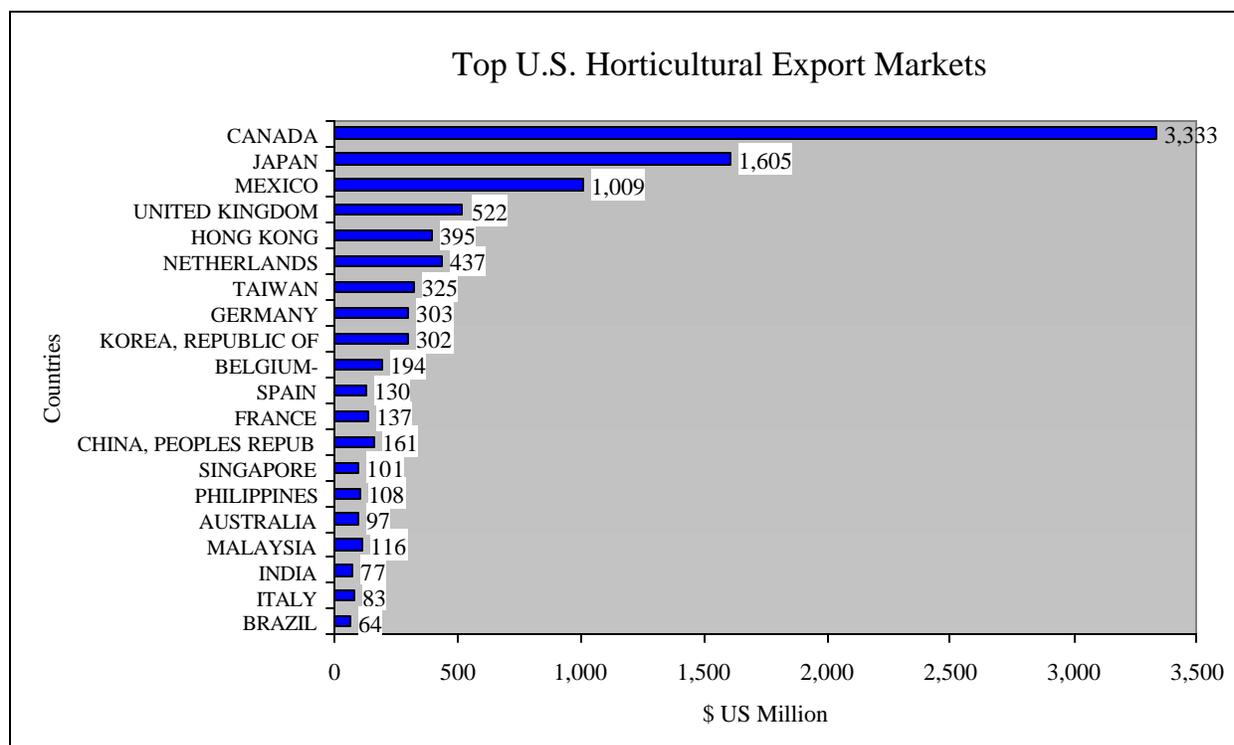
In calendar year (CY) 2001, U.S. horticultural exports to the world totaled more than \$10.9 billion. More than 30 percent or \$3.3 billion of these exports were shipped to markets in Asia. Although U.S. horticultural exports to the world increased slightly in CY 2001, exports to Asia fell nearly 2 percent. Despite the decrease, Asia remains a significant market for U.S. horticultural products, with 9 of the top 20 horticultural export markets located in this region. Japan remains our largest trading partner in Asia accounting for approximately half of U.S. horticultural exports to the region. Other major Asian markets include Hong Kong, Taiwan, South Korea, China, Singapore, the Philippines, and Malaysia.

Leading categories of U.S. horticultural exports to the Asia region include miscellaneous fruits and vegetables, deciduous fruits, frozen vegetables, fresh citrus fruits and edible tree nuts.

Top Global Horticultural Export Markets

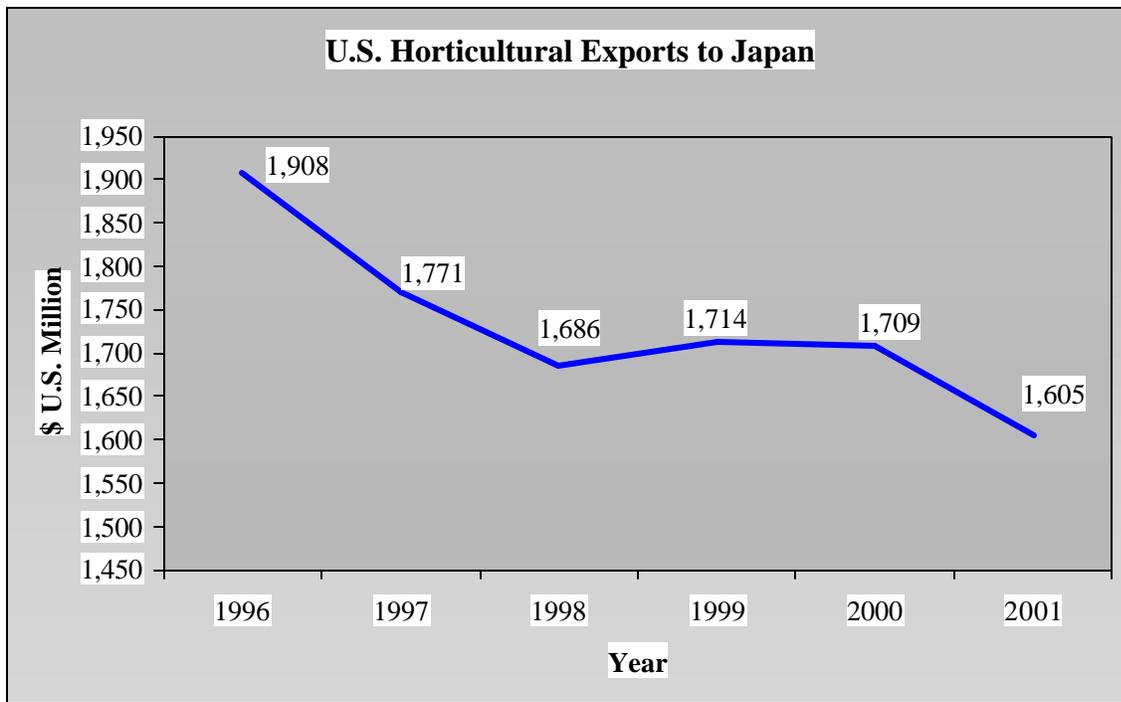
U.S. agricultural exports to the world in CY 2001 totaled more than \$53.6 billion, with twenty percent of U.S. agricultural exports comprised of horticultural products. Countries in Asia made up the second largest market for U.S. horticultural exports behind Canada and Mexico. Last year, Japan, Hong Kong, Taiwan, South Korea, China, Singapore, the Philippines, Malaysia, and India collectively purchased more than \$3.2 billion worth of U.S. horticultural commodities.

Japan



Japan remains the largest export market for U.S. horticultural products in Asia. In CY 2001, U.S. horticultural exports to Japan reached \$1.6 billion. Continued weakness of the yen versus the dollar, prolonged economic recession, high duties, and increased competition from Europe and low-cost producers, particularly China, are creating serious challenges for U.S. exporters.⁹ Economic woes punctuated by the 1997/1998 Asian financial crisis have adversely affected U.S. horticultural exports to Japan, which have gradually declined from a high of \$1.9 billion in 1996 to \$1.6 billion in CY 2001.

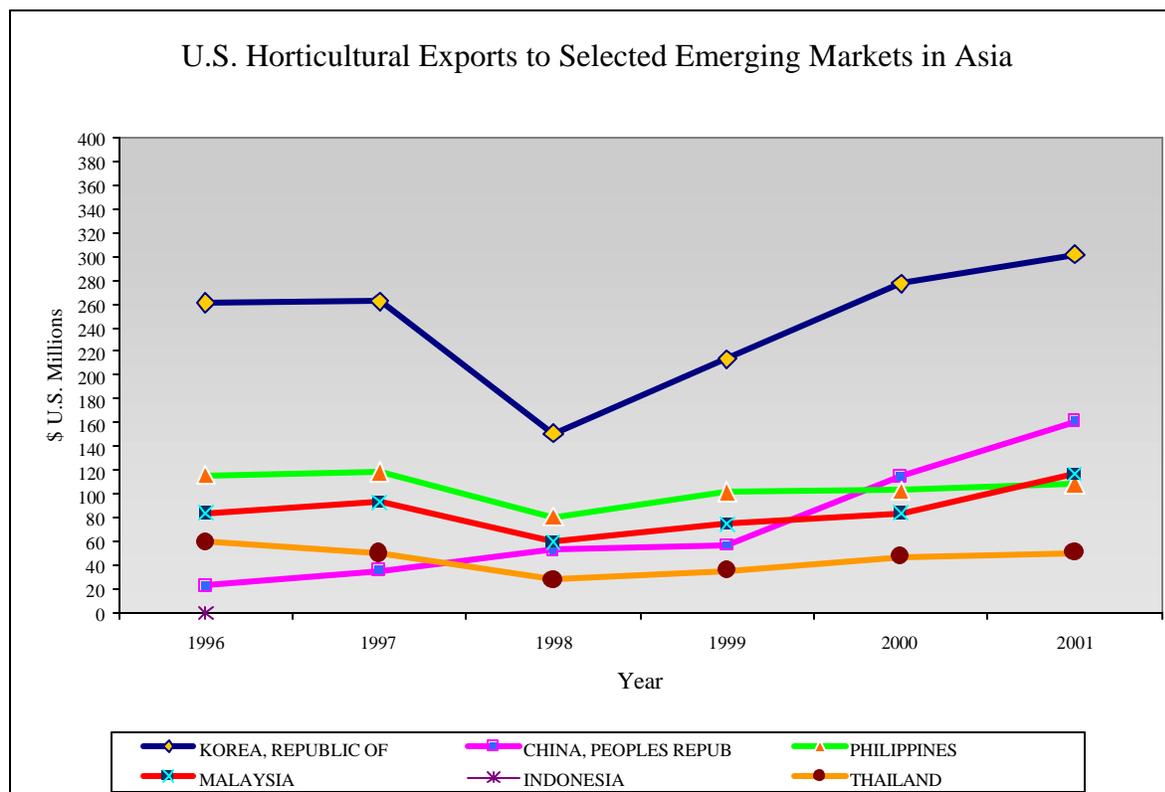
Despite the challenges, Japan remains an important market for American horticultural exports. Last year it imported approximately \$162 million of french fries and \$106 million of fresh grapefruit. Japan's aging and health conscious population provides an opportunity for American producers that export wine, fresh citrus, vegetables and berries.¹⁰



⁹ FAS Attaché Report #JA2514, 3/29/02

¹⁰ FAS Attaché Report #JA2514, 3/29/02

Emerging Markets



Although U.S. horticultural exports to Japan have declined over the past few years, the emergence of other Asian markets has offset some of these trade losses. Horticultural exports to South Korea, China, the Philippines, Malaysia, Indonesia and Thailand have steadily rebounded from the devastating effects of the Asian financial crisis. Collectively, U.S. horticultural exports to these countries grew by more than 17 percent in CY 2001. During the same period, U.S. horticultural trade to Japan fell by more than 6 percent.

Republic of South Korea

U.S. horticultural exports to Korea have steadily increased over the past 4 years, from a value of more than \$151 million in CY 1998 to over \$302 million in CY 2001. With a 6.4 percent GDP growth forecast for CY 2002 and a strengthening currency, the outlook for U.S. horticultural product exports is favorable. Similar to last year, miscellaneous fruits and vegetables and fresh citrus fruits were the top U.S. horticultural exports to Korea. In CY 2001, U.S. fresh orange exports totaled 92,483 tons, of which 32,041 tons entered under Korea's Minimum Market Access (MMA) quota. Despite the quota, U.S. orange exports exceeded quota imports for the second year in a row. The United States has a 97-percent share of the MMA quota.¹¹ Australia, New Zealand, Japan and South Africa are major competitors to U.S. orange exports in Korea.

¹¹ FAS Attaché Report, GAIN Report #KS2031, 7/8/2002.

Peoples Republic of China

China is one of the fastest growing markets in Asia with U.S. horticultural exports soaring from \$52 million in CY 1998 to more than \$161 million in CY 2001. Its accession to the World Trade Organization and tariff reductions for a wide range of agricultural products should improve market access for U.S. horticultural commodities, including wine, fresh fruits and tree nuts. The movement to Western-style hypermarkets, convenience stores and modernization of its food processing industry also provide additional export opportunities for horticultural products. Exports of miscellaneous fruit and vegetables, particularly edible preparations, enzymes and frozen potatoes were the top U.S. horticultural exports to China in CY 2001.¹²

Philippines

U.S. horticultural exports to the Philippines have risen nearly 34 percent from \$81 million in CY 1998 to approximately \$109 million in CY 2001. A return to political stability is expected to facilitate the recovery of the country's economy. GDP growth for 2002 is forecast at 4.0 to 4.5 percent. Entry of U.S. products to the Philippines is relatively easy given the similarities among both countries' food regulations and labeling requirements.¹³ Top U.S. horticultural category exports to the Philippines in CY 2001 include fresh grapes and apples and edible preparations.

Malaysia

Between CY 1998 and CY 2001, U.S. horticultural exports to Malaysia have increased by 97 percent from \$59 million to \$116 million. Tariffs on imported food and beverages are relatively low for the region, ranging from 0-20 percent. Despite being a major producer of tropical fruits and fresh vegetables, Malaysia still imports horticultural products to meet domestic demand. Australia, New Zealand, and China are major horticultural exporters to this market. Nonetheless, its fairly open trade system and trend towards supermarket and hypermarket shopping present opportunities for U.S. horticultural exporters.¹⁴ In CY 2001, U.S. exports of fresh grapes and apples each soared by more than 130 percent. U.S. fresh apple exports rose from \$6 million in CY 2000 to approximately \$15 million last year. Malaysia imported \$37 million of fresh grapes from the United States in 2001 compared to \$15 million the year before.

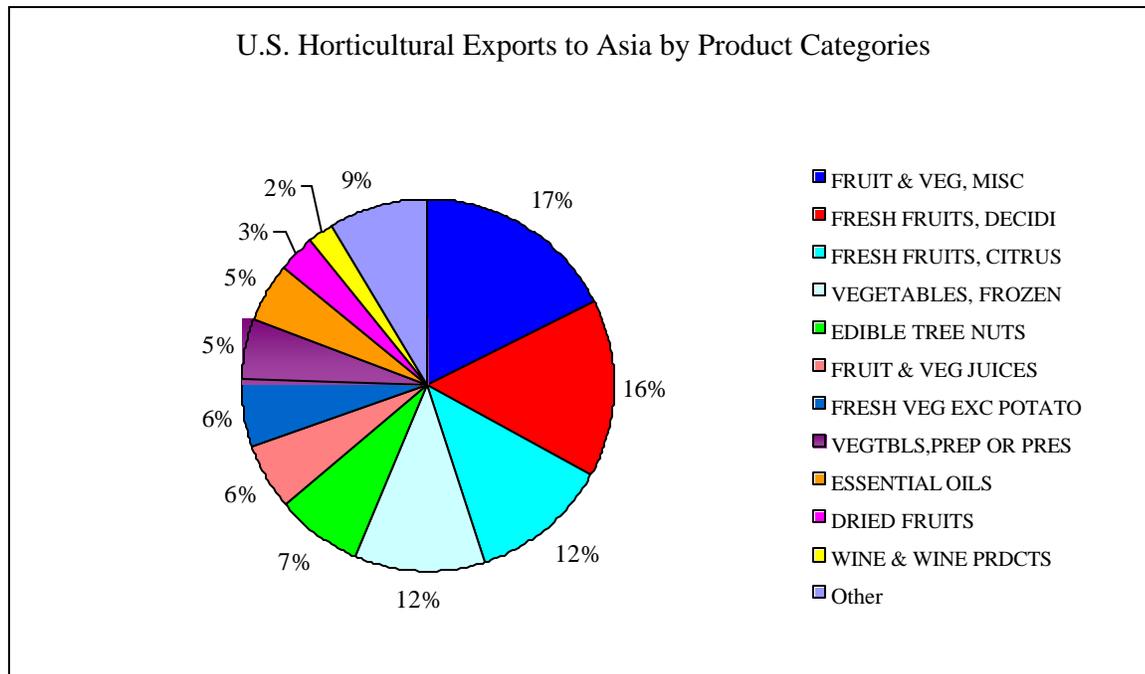
¹² FAS Attaché Report, GAIN Report #CH2808, 3/27/2002

¹³ FAS Attaché Report, GAIN Report #RP2053, 7/29/2002

¹⁴ FAS Attaché Report, GAIN Report #MY1063, 11/2/2001

Top Horticultural Exports

Of the \$3.3 billion of U.S. horticultural trade to Asia in CY 2001, 17 percent (\$566 million) consisted of miscellaneous fruits and vegetables which include edible preparations, food enzymes, and frozen potatoes. The second largest group of horticultural exports to the region was comprised of fresh deciduous fruits such as fresh grapes and apples, which accounted for 16 percent (\$506 million) of the trade, followed by fresh citrus fruits and frozen vegetables.



Frozen potatoes, fresh oranges, and fresh grapes continue to be the largest horticultural commodities being shipped to Asia by U.S. exporters. Japan was the primary destination in Asia for frozen potatoes and oranges in CY 2001. Japan imported more than 58 percent of the frozen potatoes to the region last year, valued at more than \$162 million. It also imported 30 percent of the exports of U.S. oranges to Asia. Taiwan was the largest Asian market for fresh U.S. apples in 2001 purchasing approximately \$46 million or 38 percent of the trade. Hong Kong was the largest importer of U.S. fresh grapes in the region, accounting for more than 37 percent of the total shipments.

