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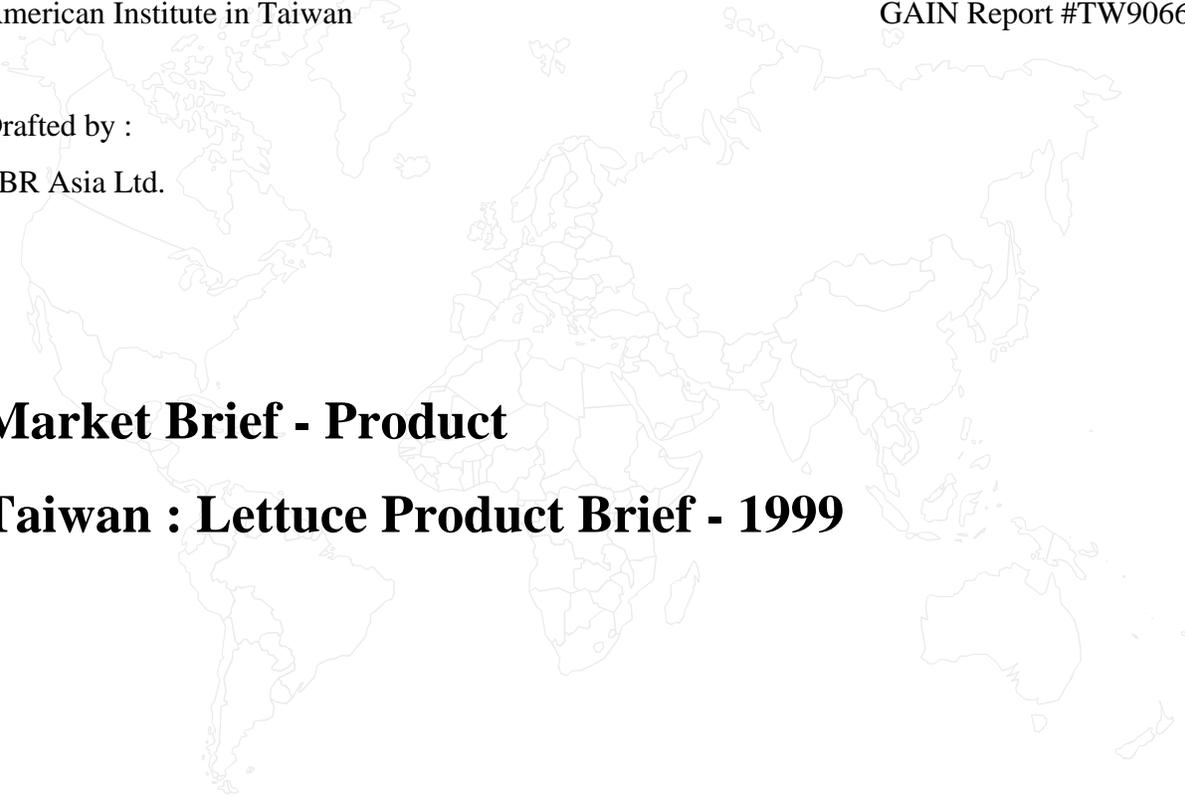
American Institute in Taiwan

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## Market Brief - Product

## Taiwan : Lettuce Product Brief - 1999

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## Lettuce

### Executive Summary

- Although local lettuce is available, local production is at a very low level and official statistics are not collected; the bulk of demand for lettuce is satisfied by imports;
- Local demand is very low and total consumption is approximately
- 5,000 tons per annum; much of which is needed by the fast food industry;
- The United States is the major supplier of imported lettuce with around 85% market share;
- Despite low demand, total consumption has increased by 60% over the last three years; much of this market growth has been driven by the growing popularity of western style fast food chains. There are expectations that the market will continue to grow at a similar pace over the next five years.

Market Advantages	Market Challenges
<ul style="list-style-type: none"> <li>• No significant domestic production of lettuce;</li> <li>• Constant, but small demand from hotels and expatriate residents in Taiwan and from fast-food chains;</li> <li>• Increasing exposure and acceptance to 'Western' vegetables;</li> <li>• U.S.A already dominates the import market;</li> <li>• Small but growing market for packaged lettuce "salad" mixes.</li> </ul>	<ul style="list-style-type: none"> <li>• Low demand for lettuce amongst local consumers.</li> <li>• Increasing competition likely from Australia and New Zealand.</li> </ul>

### Market Access

#### Tariffs & Taxes

According to the Taiwan Customs Tariff Schedule the importation of lettuce is controlled by the Taiwan Board of Foreign Trade. Importers need to be aware that imports of this vegetable are subject to quarantine inspection. Imports from mainland China are prohibited.

Within the distribution chain, a value added (business) tax of 5% is applied. This is a standard tax rate across a wide variety of product and service categories.

Tariff Number	Description	Unit	Tariff Rate
0705.11.00	Cabbage Lettuce (Head Lettuce), fresh or chilled	Kgm	27%
0705.19.00	Other Lettuce, fresh or chilled	Kgm	30%

#### Labeling Standards

According to the Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) there are no special labeling requirements for lettuce. According to importers, boxes are generally labeled with the name and address of the supplier and the net weight of the product.

#### Other Requirements or Restrictions

According to BAPHIQ, the import of plant and plant product (including lettuce) should be in conformity with the requirements of the *Plant Protection and Quarantine Act* and its *Enforcement Rules* as well as other administrative instructions concerning plant quarantine. An import permit is required from BAPHIQ.

There are no special phytosanitary requirements for this vegetable beyond those listed on the quarantine forms. Generally, quarantine inspections are completed within two days except where there is a necessity for further identification or disinfection of the product.

U.S. suppliers should check with the U.S. Animal Plant Health Inspection Service for the latest phytosanitary requirements. As Taiwan is in the process of introducing more stringent regulations regarding the acceptable limits for agricultural chemicals found on imported vegetables, they should also ensure that their importers check with BAPHIQ for any changes to the regulations.

#### Trends in Consumption

Total consumption of lettuce in 1998 amounted to approximately 5,000 tons. There is a small but growing demand for imported lettuce. Although salads are not popular with Taiwanese (who prefer vegetables to be either cooked or peeled) the fast food industry, especially chains such as "McDonalds" and "Burger King" have created much of the demand for lettuce and require stock year-round. This in turn has served to introduce lettuce to consumers and major supermarket chains are now beginning to stock small quantities. The primary market for lettuce is therefore city dwellers, the expatriate community and the hotel/restaurant market..

Local consumers do not rank lettuce as one of the staple vegetables in their diet. Based on available statistics, the market size is estimated as follows:

Year	1995	1996	1997	1998
Production	0	0	0	0
Imports	3,355	4,254	4,866	5,371
Total Consumption	3,355	4,254	4,866	5,371
Growth in Market Size Per Annum		27%	14%	10%

Total consumption of lettuce has increased by 60% over the past three years and currently amounts to more than 5,000 tons per annum. Much of the retail demand for lettuce comes from the Taipei area. Institutional demand comes principally from the fast-food chains. They tend to have established and exclusive suppliers.

According to industry sources the breakdown of end-use is roughly as follows:

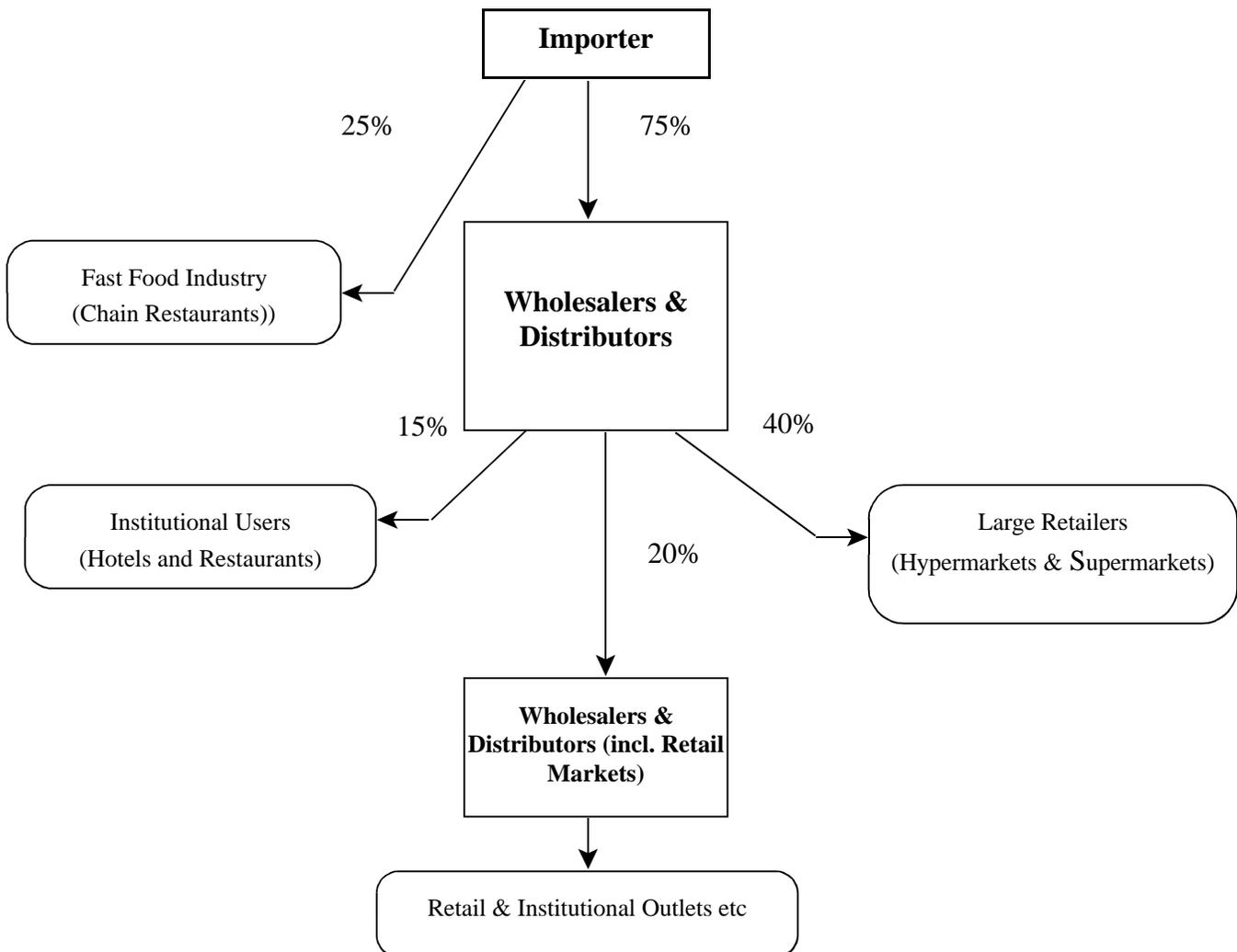
Sector	Domestic	Imports	Total
Retail Sale	0	50%	50%
Institutional Sale (Incl. Restaurants)	0	50%	50%
Industrial (Processing)	0	0	0

## Trade & Competition

Lettuce imports have been growing in recent years at 20% per annum. The United States is the major supplier of lettuce to Taiwan with around 85% market share. Australia is the second largest supplier. However, lettuce is imported from a number of countries.

Country	1995	1996	1997	1998
	Value	Value	Value	Value
	USD	USD	USD	USD
Total	\$1,790,000	\$2,434,000	\$2,823,813	\$3,669,031
USA	\$1,542,156	\$2,227,219	\$2,285,750	\$3,102,031
Australia	\$71,625	\$24,813	\$208,063	\$283,281
Indonesia	\$1,813	\$3,188	-	\$1,625
Korea	-	-	-	\$3,938
Netherlands	\$77,188	\$21,188	\$40,594	\$36,531
Thailand	\$97,156	\$154,094	\$288,406	\$237,969
Vietnam	-	\$625	-	\$3,438
US Share of Imports	86.15%	91.50%	80.95%	84.55%

## Distribution Channels



## Packaging

There are no specific packaging requirements for the import of lettuce. Importers claim that the product is typically packed in 54 lb. cardboard cartons.

Exporters should bear the following general points in mind:

1. Because of the low profit margins within the industry, fresh vegetables, including lettuce, are usually shipped by sea.
2. If a container has multiple products inside, the exporter should ensure that at least one box of each product is located at the entrance to the container for ease of customs and quarantine inspection. All packaged goods are to have five (5) sides sealed with the sixth able to be opened for inspection.
3. Importers generally require that netting be placed over the handles of the boxes on vegetable

products and over any other holes on the outer packaging larger than 1.6cm. This is to prevent goods falling out.

### Tips for Exporters

1. As long as all documentation is clearly and correctly filled out and sanitary requirements have been completed according to Taiwan regulations, importers report that the import process for vegetable is relatively smooth and efficient. Generally it takes 2-3 days to clear customs and quarantine.
2. Prior to leaving the country of origin all packaged vegetable goods are to be sealed with numbered adhesive tape, which is not to be removed or broken until customs and quarantine officials inspect the shipment.
3. All shipping documentation including the Bill of Lading and Phytosanitary Certificate must list the Container number and adhesive tape number.
4. The Phytosanitary Certificate should be sent to the importer prior to arrival of the shipment in Taiwan and, for precautionary reasons, prior to leaving the country of origin if possible.
5. Should a shipment fail quarantine inspection, the shipment in question is required to be fumigated. As this may cause a delay of several days, the shipment is often destroyed because of the adverse effect the delay has on product quality.

Treatment Requirements for Fresh/Chilled Vegetables			
Treatment	Fumigation	Refrigeration	
		Exposure (Hour)	Temp. (F)
Fumigation plus Refrigeration, Methyl Bromide 32 g/m <sup>3</sup> at 21 degrees Celsius (69.8 degrees Fahrenheit) or above, chamber load not to exceed 80% of volume.	2	33-37	4
		38-47	11
	2.5	38-40	4
		41-47	6
		48-56	10
	3	43-47	3
48-56		6	

### List of Key Importers

Company Name : Havi Food Services (Taiwan) Ltd (- McDonalds)  
 Address : 2F, 322-1 Hsien Fu Rd, Taoyuan City  
 Telephone : (03) 322-3550  
 Facsimile : (03) 352-8387  
 Capital (NT\$) : 5,000,000

Company Name : Fore Know Enterprise Co. Ltd  
 Address : 7Fl, 1, Fu Hsing North Rd, Taipei City

Telephone : (02) 2741-6985  
Facsimile : (02) 2752-7773  
Capital : 20,000,000

Company Name : Sun Rise Frozen Food & Mfg Co. Ltd  
Address : 6, Chung Shan Rd, Section 2, Chungho City, Taipei Hsien  
Telephone : (02) 2223 7445-8  
Facsimile : (02) 2222-6157  
Capital (NT\$) : 25,000,000

Company Name : Three Shine Trading Co. Ltd  
Address : 5F, 7, Alley 33, Lane 250, Huan Ho South Rd, Section 2,  
Taipei City  
Telephone : (02) 2308-3553  
Facsimile : (02) 2302-3452  
Capital (NT\$) : 15,000,000

Company Name : World-Link Food Corp.  
Address : 9F, 70 Cheng Teh Rd, Section 1, Taipei City  
Telephone : (02) 2555-8131  
Facsimile : (02) 2555-3788  
Capital (NT\$) : 5,000,000

Company Name : Yu Tai Industrial Corp.  
Address : 3F, 368 Fu Hsing South Rd, Section 1, Taipei City  
Telephone : (02) 2703-7071  
Facsimile : (02) 2705-5082  
Capital (NT\$) : 350,000,000