



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 10/5/2001

GAIN Report #TW1040

Taiwan

Promotion Opportunities

Annual

2001

Approved by:

**Stan Cohen, Director, ATO
American Institute in Taiwan**

Prepared by:

Amy Hsueh, Marketing Specialist

Report Highlights:

ATO Taipei will once again organize a USA pavilion at the Taipei International Food Show, mount an information booth at the Taipei International Bakery Show, conduct technical and marketing seminars, and co-sponsor restaurant menu and in-store supermarket promotions. With Taiwan's accession to the WTO expected to occur in 2002, tariffs on imports of food and agricultural products will be lowered.

Includes PSD changes: No
Includes Trade Matrix: No
Annual Report
Taipei ATO [TW2], TW

Executive Summary**I. Upcoming Promotional Activities/Events**

The promotional activities listed are provided for informational purposes only. No endorsement is implied unless specifically stated. Terms and conditions of participation are the responsibility of the activity organizer. Please contact the organizer directly for further information.

A. Trade Shows

Event: 2002 Taipei International Food Show
Date: June 12-15, 2002
Venue: Taipei World Trade Center Exhibition Hall
Contact: Agricultural Trade Office
American Institute in Taiwan
54 Nan Hai Road, Taipei, Taiwan
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073
E-Mail: ato@mail.ait.org.tw
<http://ait.org.tw/ait/AGRI/ato.htm>

The Taipei International Food Show is the largest and most popular trade and consumer (open to consumers for one day) food show in Taiwan, providing excellent access to local food importers, wholesalers, distributors, and retailers. The 2001 event had a total of 554 participants from 24 countries and attracted nearly 50,000 visitors. The organizer of the 2002 show is CETRA Taipei. ATO Taipei will organize the American Pavilion at the 2002 Show. Pre-show activities planned by the ATO Taipei include a media briefing, exhibitor breakfast seminar, retail tour, and reception aimed at promoting the American Pavilion, as well as providing U.S. exhibitors with additional opportunities to learn about the market and gain access to potential local business partners.

Event: 2002 Taipei International Bakery Show
Date: March 8 - 11, 2002
Venue: Taipei World Trade Center Exhibition Hall II
Contact: Agricultural Trade Office
American Institute in Taiwan
54 Nan Hai Road, Taipei, Taiwan
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073
E-Mail: ato@mail.ait.org.tw
<http://ait.org.tw/ait/AGRI/ato.htm>

For the third consecutive year, the Taiwan Confectionery, Biscuit and Floury Food Association and other Taiwan regional bakery associations have jointly organized the Taipei International Bakery Show. The exhibit hall covers 5,500 square meters. The 2001 show

had a total of 80 participants, representing baking, food service, food processing, and catering sectors, and attracted nearly 40,000 visitors. ATO Taipei will organize the U.S. Food Ingredient Information Center at the 2002 Show and help organize an educational seminar featuring food ingredients from the United States. U.S. food ingredient suppliers who are interested in promoting their products through the ATO booth are welcome to contact the ATO Taipei for more detailed information about this event.

B. Retail In-Store Promotions

Event: "America Week" In-store Promotion
Date: July 2002
Venue: Makro Hypermarket
Contact: George Chiang, Food Director (Dry goods)
Louis Lin, Commercial Director (Fresh/frozen foods)
Makro Warehouse Store
8F, 97 Nankang Road, Section 2, Nankang
Taipei, Taiwan
Tel: (886-2) 2786-5778
Fax: (886-2) 2514-9333
E-mail: gchiang@makro.com.tw
E-mail: Llin@makro.com.tw

Makro Hypermarket Chain is planning an in-store promotion in all eight outlets island-wide during July 2002. The promotion will feature American food products, both dried goods and fresh/chilled/frozen food products. The Taiwan/Dutch joint venture, Makro Taiwan, recently restructured operations in Taiwan by shifting from a hypermarket format to the cash-and-carry niche. Makro Taiwan currently has eight stores but intends to increase its outlets to a minimum of 12 in the next five years and a maximum of 20 stores in the near future.

C. Educational Seminars

Event: Retail Seminar - Global/US Trends in the Food Retail Industry
Date: Early September 2002
Venue: National Normal University Conference Room
Contact: Mr. Yuan A-min, Secretary General
Taiwan Chain Stores Association
7F, 197 Nanking East Road, Section 4
Taipei, Taiwan
Tel: (886-2) 2712-1250 ext. 102
Fax: (886-2) 2717-7997
E-mail: tcsa@ms31.hinet.net

Agricultural Trade Office
American Institute in Taiwan
54 Nan Hai Road, Taipei, Taiwan
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073
E-Mail: ato@mail.ait.org.tw
<http://ait.org.tw/ait/AGRI/ato.htm>

The Taiwan Chain Stores Association (TCSA) is currently the most prominent and influential trade organization in Taiwan. The TCSA comprises 200 retail store chains representing approximately 21,000 stores island-wide. The TCSA includes several noted food-related chain stores in Taiwan, such as 7-Eleven, Wellcome Supermarket, Carrefour Hypermarket, McDonald's, Pizza Hut, and several other food and non-food retail chains in Taiwan.

The seminar is designed by the TCSA to educate its members about the global/U.S. trends in the retail business. A keynote speaker, specializing in retail technology, will be invited from the United States. In conjunction with the seminar, ATO Taipei and the TCSA will cosponsor a catalogue show. U.S. suppliers who are interested in promoting their food and agricultural products through the seminar should send their product catalogues to ATO Taipei. For further information on the event, please contact ATO Taipei.

D. HRI Promotions

The most popular pastime in Taiwan is eating. Socializing in hotel restaurants is a popular custom in Taiwan. As a result, in-house restaurants in hotels have become an important dollar-earning business for Taiwan's international hotels. Competition among the various hotel restaurants in Taiwan has become intense. Consequently, innovative promotions, such as country theme promotions, Taiwan/western holiday/festival promotions, and seasonal promotions are popular year-round. These promotions offer market opportunities for U.S. foods, such as high quality meats, fruit, vegetables, nuts, seafood, beverages, wines, and juice concentrates. U.S. companies interested in restaurant menu promotions in Taiwan are welcome to contact the ATO Taipei for information on upcoming events or hotels interested in hosting activities.

Market Information

General Economy in Brief

The World Trade Organization (WTO) formally cleared Taiwan for admission in September and Taiwan is expected to become a full member of the WTO sometime in 2002. Taiwan will gradually reduce import tariffs. The average agricultural tariffs will drop from the current 20 percent to 14 percent in the year following accession to the WTO, and they will gradually be reduced to around 12 percent by the end of 2005. Twenty two agricultural

products will still be subject to import quota restrictions. The 22 farm products under quota restrictions include banana, betel nuts, coconuts, garlic, azuki bean, mangoes, pineapple, oriental pear, longan pulp, persimmons, peanuts, pomelos, sugar, dried mushrooms, dried dandelion, chicken, pork belly, mackerels, sardines, horse mackerel, liquid milk, and offal.

Taiwan's Council for Economic Planning and Development recently made a downward adjustment to its economic growth forecast for next year from the previously estimated 4 percent to a range of 3.5 to 3.8 percent due to the economic effects of the September 11 terrorist attacks in the United States.

Food Market In Brief

Typhoon Damage Agricultural Sector

The Council of Agriculture (COA) estimated that the Typhoon Nari flood--reportedly the worst in a century, hitting Taiwan during the week of September 16, 2001--caused estimated agricultural losses of over US\$3 million. Approximately 27 percent of the nation's farmland was either flooded or washed away in the rains. Vegetable crops were the major item damaged by the rains. Reportedly, vegetable retail prices rose three times the week following the typhoon.

Taiwan is located in a tropical and subtropical area. It has plentiful rainfall year-round, especially in May-June (plum rain season) and July-September (typhoon season). Often times the torrential rains during plum rain season and typhoon season cause extensive agricultural damage resulting in a shortage of vegetable and fruit supplies prompting retail price hikes. U.S. suppliers of fresh produce should contact Taiwan importers prior to the plum rainy season and let them know what produce items are available during this season.

Convenience Stores

The Fair Trade Commission of the Executive Yuan recently conducted research on the status of Taiwan's convenience store industry. The results of the research will be used when reviewing applications of mergers by these convenience stores. According to the study, 7-Eleven led other convenience stores as the largest convenience store chain, in terms of number of stores in Taiwan. As of June 2001, there were 6,238 chain convenience stores in Taiwan. 7-Eleven, with 2,813 outlets island-wide, accounted for 45 percent of the market, followed by Family Mart (17%, 1,077 stores), Hi-Life (11%, 696 stores), Circle K (10%, 608 stores), and Niko Mart (4%, 267 stores). Fifty-five percent of these convenience stores are concentrated in Northern Taiwan. Of the 2,813 7-Eleven stores, 42% or 973 stores are spread throughout the Taipei metropolitan area.

The Fair Trade Commission is empowered to rule on business activities that constitute violations of the Fair Trade Law before referring violators to the court system for legal system.

Concentrated Soups

It is estimated that the market for instant soups is about US\$80 million. In Taiwan, instant soups can be divided into two major categories--dehydrated soup powder and canned soup. These instant soups are becoming popular in the retail market, especially among Taiwan's working women and housewives, due to its convenience in preparing meals. Although Taiwan import demand for soup varieties is weak due to lack of consumer familiarity with foreign brands, prospects for western soups are anticipated to be good. In 2000, Taiwan imported approximately \$11.4 million of soup/broth, including liquid (78%) and powder/solid (22%) soups/broths. The United States was the major supplier with a 50% market share. It was followed by Canada (30%) and Japan (11%). Soup is a part of Taiwan's daily cuisine. Industry sources indicate that instant concentrated soup/broth will become a trend in the food service sector in the near future, due to its convenience in preparation and consistency in quality. The total size of the Taiwan food service/HRI sector in 2000 was estimated at approximately US\$9 billion.

Moon Cakes

Taiwan Starbucks Coffee recently presented coffee-flavored moon cakes which enjoyed considerable success. According to the marketing manager of Starbucks, Taiwan is the only place in the world where Starbucks Coffee creates and sells its own flavored moon cakes. The "hazelnut latte" and "white mocha chocolate" moon cakes were produced by Starbucks' parent company, the Uni-President Group, Taiwan's largest food company. Major ingredients for making traditional moon cakes include azuki bean, egg yolks, nuts, pork, and nuts. Starbucks Coffee opened its first store in March 1998 and currently has 74 outlets in Taiwan.

The lunar Mid-Autumn Moon Festival, usually in September/October, is a gift-giving season. All retail stores, bakeries, and hotel restaurants aggressively promote moon cake gift packs during this season. Aside from traditional moon cakes, other gift boxes including imported wines/spirits, imported fresh fruits, and coffee/tea are the most popular items. However, moon cake sales reportedly declined by an estimated 20 percent this year due to the impact of the September 11 terrorist attacks in the U.S., devastation caused by Typhoon Nari, plus the overall economic slowdown. Average annual moon cake sales are approximately US\$88 million.

III. Newly Released Reports

The following updated market briefs are currently available from the ATO Taipei (<http://ait.org.tw/ait/AGRI/ato.htm>) or from the FAS homepage (<http://www.fas.usda.gov>):

Taiwan Recent Trends and Developments in Food Retailing 2001
Retail market entry, Taiwan retail store profile

Taiwan Seafood Market 2001

Market overview, trade and competition, domestic production, consumer preferences, market trends, distribution channels, market access, cost and prices

Taiwan Juices Product Brief - June 2001

Market overview, market sector opportunities and threats, distribution channels, consumer preferences and trends, costs & prices

Taiwan HRI Food Service Sector Report 2001

Market (restaurants, retail food outlets, coffee/tea shops, hotels, other eating & drinking places) summary, market entry, competition, best product prospects

Taiwan Wine 2001

Market overview, trade and competition, distribution channels, industry/consumer preferences and trends, costs and prices, market access

Taiwan Dried Fruits 2001

Market overview, trade and competition, distribution channels, industry/consumer preferences and trends, costs and prices, market access

Almonds, Sweet 2001

Market overview, trade and competition, distribution channels, industry/consumer preferences and trends, costs and prices, market access

Food and Agricultural Import Regulations and Standards (FAIRS 2001)

Taiwan food laws, labeling requirements, packaging and container requirements, food additive regulations, pesticide and other contaminants, other regulations and requirements, other specific standards, copyright/trademark laws, and import procedures.

Taiwan Retail Food Sector 2000

Market overview, market entry strategy, competition, best product prospects

Taiwan Export Guide 2000

Market overview, exporter business tips, market sector structure and trends, best high value product prospects, key contacts and further information

Taiwan Fresh Deciduous Fruit - Apples 2000

Executive summary, production, consumption, trade, prices & marketing, statistical data

Taiwan Lobster Market 2000

Market overview, market sector opportunities and threats, costs and prices, market access, and Taiwan importers

Taiwan Pet Food Market 2000

Market overview, market sector opportunities, costs and prices, market access, and Taiwan

importers.

Broccoli and Cauliflower Market Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

Potato Product Market Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

Tomato Product Market Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

Lettuce Product Brief

Executive summary, market access, trends in consumption, trade and competition, distribution channels, tips for exporters, list of key importers.

Ice Cream and Frozen Desserts Market Report

Executive summary, market access, trends in consumption, trade and competition, distribution channels, retail sales, and tips for exporters.

Stone Fruits

Summary, market access, trends in consumption, trade and competition, and distribution channels.

Candy

Executive summary, market access, trends in consumption, trade and competition, distribution channels, and Taiwan importers.

Food Processing/Food Ingredients

Food industry overview, trends, market structure, best prospects, competition, selling to Taiwan food processing companies, import policies/requirements, list of importers, food processors, and industry associations

Frozen Vegetables/Potatoes

Executive summary, market barriers, market share/competition, frozen corn, frozen potatoes, distribution, labeling, market access/tariffs, list of importers.

Organic Food

General market overview, imported organic foods, organic farming in Taiwan, certification, marketing channels, consumers' perspective of organic foods, and import policy.

End Report

The ATO Taipei is currently planning a variety of upcoming promotional events in both the retail and HRI sectors. U.S. companies interested in participating in ATO Taipei promotional activities, should contact the ATO/Taipei directly at:

Agricultural Trade Office
54 Nanhai Road
Taipei, Taiwan
Tel: (886-2) 2305-4883 ext. 286
Fax: (886-2) 2305-7073
E-Mail: ato@mail.ait.org.tw
<http://ait.org.tw/ait/AGRI/ATO.htm>