



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

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Taiwan

Agricultural Export Opportunities Report

October 1999

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Market Information:

- A recent survey revealed that of the many types of canned foods sold in Taiwan, canned seafood is the most popular, followed by canned prepared foods and canned meat.
- Private label products which include domestic and imported items, are becoming popular in Taiwan.
- Post-earthquake retail promotions by many Taiwan's retail chains have stimulated purchases by Taiwan consumers.

Includes PSD changes: No
Includes Trade Matrix: No
ATO Taipei

AGRICULTURAL EXPORT OPPORTUNITIES REPORT - TAIWAN

I. Upcoming Promotional Activities/Events

The promotional activities listed below 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: 2000 Taipei International Food Show
Date: June 15-18, 2000
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 for June 18 only) food show in Taiwan, providing excellent access to local food importers, wholesalers, distributors and retailers. The 1999 event had a total of 510 participants from 30 countries and attracted more than 45,000 visitors. The show organizer of the 2000 show is, as in previous years, CETRA Taipei. The ATO Taipei will organize the American Pavilion at the 2000 Show. Among the pre-show activities planned by the ATO/Taipei are a media briefing, exhibitor breakfast seminar and reception, aimed at promoting the American Pavilion, and providing U.S. exhibitors with extra opportunities to learn about the market and gain access to potential local business partners. U.S. companies and Taiwan importers/agents of U.S. food and beverage products wishing to participate in the show should contact ATO/Taipei for further details.

B. Retail In-Store Promotions

Event: 1999 American Food Festival
Date: December 10 - January 6, 1999
Venue: Sinon Supermarkets/Hypermarkets

Contact: Agricultural Trade Office
American Institute in Taiwan
54 Nan Hai Road, Taipei, Taiwan
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073
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Sinon Group is planning an in-store promotion in all 30 outlets from December 10-January 6, 2000. Sinon have sent four purchasing officials to visit the States of Washington and Idaho in mid-October. The main purpose of this trip is to purchase products for this in-store promotion. According to Sinon, they will print a 16-page DM featuring American products to distribute to their 500,000 customers in Central Taiwan. They are also negotiating with several local U.S. companies, such as the United Airlines, about co-sponsorship of the event. Sinon Supermarket/Hypermarket is the largest retail chain in central Taiwan with 30 outlets. U.S. companies interested in expanding their business with the Sinon Supermarket/Hypermarket are encouraged to contact the Sinon Group directly.

C. HRI Promotions

-- Currently, many of Taiwan's international hotels are sponsoring seasonal menu promotions. Particularly popular right now are seafood menu promotions that focus on crab, lobster, and oysters. Chefs from these hotel restaurants have created various recipes, both western and local, to attract customers. The Ritz Hotel and the Sherwood Hotel are aggressively promoting French oyster/wine set menus, while the Sheraton Hotel is promoting holiday lobster menu.

-- Seafood is an important part of the diet in Taiwan. Lobster, mullet roe, scallop, abalone, sea cucumber, crab, and shrimp are very popular items on a banquet menu in Taiwan. Imported lobsters, in particular, are regarded by the Taiwanese as a high value item. Chefs from Taiwan's hotels and restaurants have created various seafood recipes to attract customers. Reportedly, a new live seafood packet created by international hotel restaurants, such as Lai Lai Sheraton Hotel and Grand Hyatt Hotel, has become a new sales point in Taiwan's international hotels. The packet was designed to let customers to pick up seafood, fish or shell fish, from a aquatic tank put in the restaurants and assign a way of cooking. Reportedly, this is becoming popular among these international hotels.

II. Key Market Information

General Economy in Brief

– A powerful earthquake which has been described as the strongest this century, struck Taiwan on September 21, resulting in great damage to the island. According to Taiwan's Directorate General Budget, Accounting, and Statistics (DGBAS), the earthquake caused about US\$9.2 billion of financial and property losses. The DGBAS indicated that the losses accounted for 3.3 percent of Taiwan's GDP. According to Cabinet-level Council of Agriculture (COA), the earthquake has resulted in US\$44 million in damage to crops covering a total area of 9,028 hectares in the central part of Taiwan. The impact was reportedly negligible in terms of feedgrain demand and the overall livestock industry. COA statistics show the earthquake caused US\$17 million in damage to the livestock industry.

– The earthquake-related damage will lead to a downward revision in the estimate of economic growth. The Council of Economic Planning and Development revised the GDP growth down to 5.5 percent, down from its earlier estimate of 5.74 percent. But the downward revision is reportedly only a short-term phenomenon, because the massive reconstruction-related spending will boost domestic demand in the long run.

Food Market In Brief

Post-Quake Retail Promotions

Many of Taiwan's supermarkets and hypermarkets have recently initiated special promotions for their products in response to the authorities' efforts to stabilize prices. Retail prices reportedly started rising following the 9/21 earthquake. Sources in the distribution industry indicated that purchasing power has apparently decreased following the quake. Many hypermarkets, including Makro, Carrefour, and RT Mart are offering discounted prices on a variety of selected products. Reportedly, the promotions have stimulated consumers to purchase in these retail stores.

Private Labels

Competition among Taiwan's supermarkets, hypermarkets, and warehouse stores has become tougher. In order to reduce their operating costs, these retail chains tend to increase the volume of direct imports to avoid the higher cost of products purchased from importers and local manufacturers. Furthermore, many of them, such as Makro, Carrefour, Sinon, and RT Mart, have been aggressively expanding and promoting their private label items, both imported and domestic products. The Carrefour Hypermarket Chain has established a private label section to mainly develop and promote private label products. The RT Mart, Makro, and many other large retail chains are expanding private label items. As average selling prices of private label

products are 15-20% lower than other products, they are becoming popular in the market.

McDonald's and KFC Continue to Expand in Taiwan

In spite of the 9/21 earthquake which has caused great damage to the island, Kentucky Fried Chicken and the McDonalds continue to expand in Taiwan. Each has planned an additional investment of approximately US\$95 million within five years in Taiwan. McDonald's Taiwan plans to open as many as 500 outlets island-wide in five years. The KFC has also set a target of 300 outlets within years. Currently, there are 310 McDonald's and 100 KFC stores in Taiwan.

Canned Foods

Although canned foods are not daily necessities and they are always unmarketable during economic slowdown, canned foods are popular gift items during local festivals, such as the Chinese New Year, usually in February, and Moon Festival, usually in September. In addition, Taiwanese people tend to buy canned foods for storing during the typhoon season in the summer. Therefore, January/February and August/September are peak seasons for canned food consumption. According to a recent survey by the *Distribution News*, of the many types of canned foods, canned seafood is the most popular, followed by canned prepared foods and canned meat. The following table represents ten major categories of canned foods and the percentage of sales for each category in 1998:

Canned seafood-	28%
Canned vegetables -	16%
Canned prepared foods -	13%
Canned fruits -	9%
Canned meat -	8%
Canned pickles -	8%
Canned deserts -	6%
Canned congee -	4%
Canned soups -	3%
Canned soybean products -	3%
Canned MSG -	1%
Others -	1%

Among many types of canned vegetables, canned corn (63%) was most popular, followed by canned tomato (12%) and canned mushroom (10%). Canned pineapples (38%), canned peaches (21%), and canned mixed fruits (21%) were the three leading canned fruit items. Canned pork accounted for 92% of total canned meat sales in 1998, followed by canned beef (6%) and canned chicken (2%). Canned tuna (31%), canned mackerels (11%), canned eel (10%), and canned abalone (7%) are the most

popular seafood items.

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>):

— 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/industry associations

— Frozen Vegetables/Potatoes

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

— Indirect Imports Into Taiwan

Direct imports of PRC products are currently banned for political reasons. Indirect imports from the PRC via third territories are mainly raw materials and semi-finished products, such as some vegetable seeds and potato starch.

— Taiwan Food Service

Executive summary, food service structure, consumer information, how to develop products suited to the market, market segmentation, use of imported food products in the food service industry, opportunities for U.S. exporters, trends, competition amongst fast food chains, other considerations.

— Taiwan Food Retail

Demographics, distribution channels, factors influencing buying decisions, pricing, what retailers look for judging new products, competition, trends, opportunities for U.S.

exporters, best market prospects.

— Organic Food

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

— Seafood

General market overview , U.S. market position, trade restrictions, sanitary/phytosanitary measures, consumer preferences & consumption trends, third-country competition, domestic competition, distribution system, and market promotion.

— Wine

Market overview, U.S. market position, competition, trade restrictions, distribution, pricing, consumer preference & consumption trends, market promotion activities.

— Pure juice/juice drinks

General market overview, U.S. market position and competition, pricing, trade restrictions, distribution, consumer preference & consumption trends, market promotion activities, and concentrated juice.

— Fresh Fruits & Vegetables

General market overview, U.S. market position and competition, pricing, trade restrictions, distribution, consumer preference and consumption trends, market promotion activities, and market promotion activities.

— Food and Agricultural Import Regulations and Standards (FAIRS report), Taiwan food laws, labeling requirements, food additive regulations, pesticide and other contaminants, other regulations and requirements, other specific standard, copyright/trademark law, and import procedures.

VI. Other Information

1999 Best Prospects for Consumer Ready Foods

- Organic/natural foods
- Frozen/micro-waveable foods/other convenience foods
- Chilled products
- Fresh fruits & vegetables
- Baked products
- Health-oriented (low-fat, high-fiber, and low-cholesterol) snack foods
- Beverages

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:

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