



USDA Foreign Agricultural Service

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## Taiwan

### Exporter Guide

### Exporter Guide to Taiwan PPT

**2008**

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**Report Highlights:**

This report is an adaptation of the 2008 Exporter Guide TW8032, but has been presented in powerpoint format for easy reading and comprehension. While Taiwan continues to be a strong market for U.S. products, suppliers are also facing increased competition from other countries. WTO trade liberalization and consumer demand for novelty and variety have created a highly competitive environment for U.S. exporters. This puts a strong emphasis on innovative product development, superior marketing skills, and a trend towards high value niche product markets.

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



# THE EXPORTER'S GUIDE TO TAIWAN





# MARKET OVERVIEW



概況

# General Economy

Taiwan...

概況

- Has** a dynamic, capitalist economy and democratic gov't
- Has** the world's 5<sup>th</sup> largest foreign reserves
- Has** a 4.78% GDP growth forecast for 2008
- Is** expected to improve relations with mainland China
- Is** an excellent platform for U.S. companies wishing to enter the Greater China market
- Is** the largest foreign investor in mainland China



## MARKET OVERVIEW

# General Economy

## Ascendance of China...

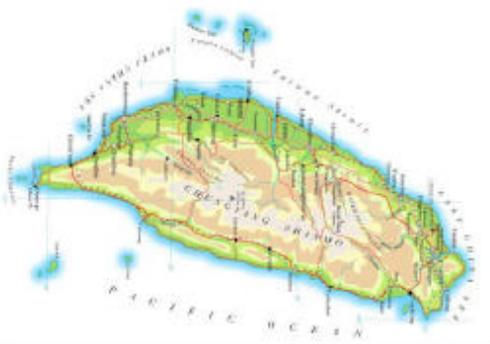
概況

Taiwan is fundamentally restructuring its economy  
Much of Taiwan's own manufacturing capacity has  
relocated to China

Taiwan companies have focused on high tech production  
and the development of technical and industrial  
management skills

Strong growth of Taiwan exports to PRC, but not as  
strong as PRC's exports to Taiwan

**2006:** +12.2% of ROC imports are from PRC  
+22.7% of ROC exports are to PRC



# MARKET OVERVIEW

## General Economy

### Taiwan's Evolution

Industrial products have steadily increased their share of Taiwan's exports (**99%** in 2006)

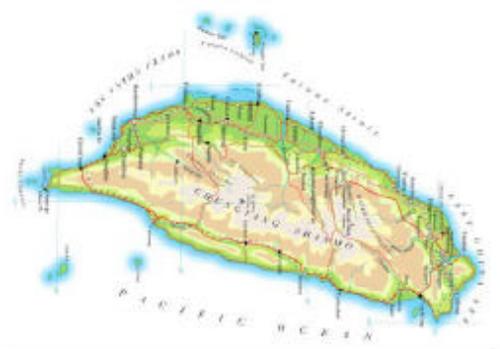
**Why?** Because traditional industries such as textiles, shoe making and food processing have moved to mainland China

Exports of capital-and technology-intensive goods have shown impressive growth

**1995:** Japan & US provide **+50%** of Taiwan imports

**2006:** Japan & US provide only **34%** of Taiwan imports

Taiwan imports increasingly coming from ASEAN



概況

## MARKET OVERVIEW

*General Economy*

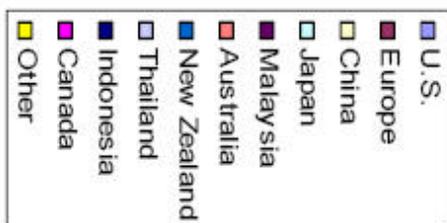
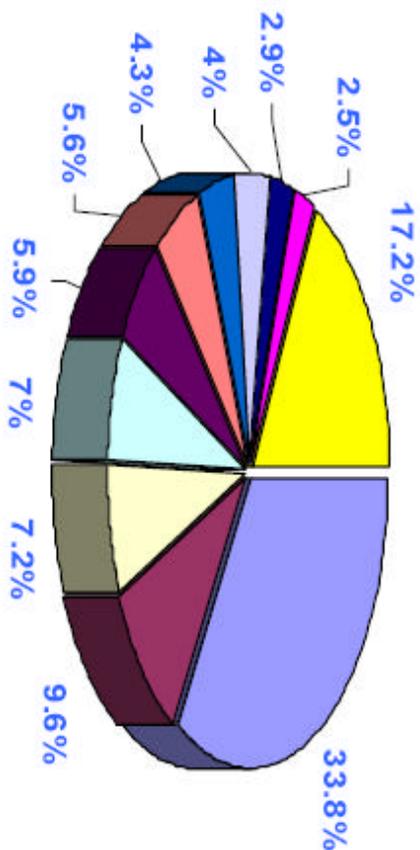
概況

**MARKET OVERVIEW**

	2004	2005	2006	2007
GNP: US\$ billion	342.1	364.0	374.5	394.8
GNP: US\$ per person	15,156	16,067	16,471	17,294
Changes in Consumer Price Index (CPI) %	1.6	2.3	0.6	1.8
Unemployment Rate	4.4	4.1	3.9	3.9
Economic Growth Rate %	6.1	4.1	4.9	5.7
Average Annual Exchange Rate NT\$ to 1.00 US\$	33.4	32.2	32.5	32.4

Food Market

2007 Taiwan Agricultural Imports by Country



概況

MARKET OVERVIEW



# Food Market

概況

**2007** increase in agricultural prices absorbed by well-developed economy

**Taiwan** increased number of import sources

**U.S. lost** market share to China and India, not likely to be regained  
(mostly bulk commodities)

**U.S.** still seen as providing top-quality, safe products



## MARKET OVERVIEW

## Food Market

### World Trade Center...

概況

**Taiwan** became full member of WTO in 2002

**Market** access for agricultural imports improved for U.S. competitors

**Taiwan's** relatively small agricultural sector means heavy dependence on agricultural imports

**Taiwan's** dependence on imports is expected to continue to grow

**Increased** adoption of American and western food tastes make the country an extremely attractive market for U.S. exporters

## MARKET OVERVIEW



# Food Market

## Demographics...

概況

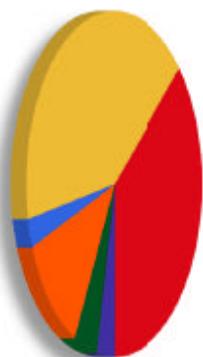
**With** 633 persons per square kilometer, Taiwan is one of the most densely populated areas in the world—23 million total

**Taipei** (North) and Kaohsiung (South) are the two major metropolises of Taiwan

**Taipei:** 6.6 million people

**Kaohsiung:** 2.8 million people

# MARKET OVERVIEW



Food Market

Consumer Demographics				
	2003	2004	2005	2006
Female Labor Force Participation %	47.1	47.7	48.1	48.7
Birth Rate per 1000	10.06	9.56	9.06	8.96
% of Aging population	9.2	9.5	9.7	10
Pop. Density Persons per square Km	624.6	627	629.2	632.2
Average Disposable Income per household (Adjusted for inflation) US\$	25,947	27,939	27,274	28,095
Consumption Expenditure per household US\$	19,599	21,713	21,374	21,939
Household Consumption of Food, and Beverage as % of total consumption	24.0	23.7	23.6	23.5

**Note:** Decreasing birth rate, increasing % of aging population  
Increasing population density

MARKET OVERVIEW

# Food Market

## Demographics...

**Birth rate** is decreasing and people are living longer

Decreased demand for baby products

Increased demand for healthy foods and nutritional products

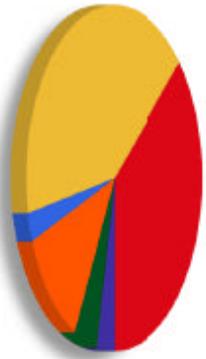
**Increased** density means more people living in new high-rise apartments that feature larger living space

More room for cooking, food storage, home entertainment

**These** trends favor Taiwan's attraction to U.S. lifestyle, with its emphasis on space, leisure and entertainment at home

概況

# MARKET OVERVIEW



# Food Market

Advantage	Challenges
U.S. products are perceived by Taiwan consumers to be of high quality	Competition among major world agricultural and food exporters for a share of Taiwan's growing food import market further intensifies due to Taiwan's WTO accession
The majority of Taiwan consumers can afford imported food products	Low price competitors, e.g. China and S.E. Asia, are threatening U.S. in areas such as fresh produce, seafood, confectionery, juices, and food ingredients
Taiwan's WTO accession in early 2002 resulting in further market liberalization and import tariff reduction has provided U.S. exporters with more market opportunities	Lack of importer and retail knowledge and training in purchasing, handling, and merchandising U.S. products
Taiwanese consumers are increasingly affluent and open to Western food products	Lack of buyers' awareness regarding U.S. food products – availability, varieties, and U.S. suppliers.
The growing modern retail industry is looking for new imported food products	Lack of brand awareness by Taiwan consumers

## MARKET OVERVIEW



# EXPORTER BUSINESS TIPS



提示

# Appointment of Important Agents

*Ask for Help!*

提示

- Agricultural Trade Office
- Agricultural Affairs Office
- APHIS Office
- Taiwan Representatives of U.S. Commodity/Producer Associations/Cooperators
- Taiwan State Trade Office representatives
- U.S. State Regional Trade Groups



We emphasize the **critical nature** of visiting Taiwan in person and appointing an effective import agent!

## EXPORTER BUSINESS TIPS

Appointment of  
Important Agents

Key Issues to Consider

提示

**Extent** of agent's network of distributors, owned/leased storage capacity, owned/leased transport arrangements

**Does** agent have strong contacts with the responsible purchasing officers in the target sales channels?

**Does** the agent have a high proportion of direct-to-market channels or is he/she heavily dependent on multiple distribution levels?

**Is** the agent developing added-value communications and promotions or is he/she dependent on price discounts?

**Does** the agent have complementary product lines?



EXPORTER BUSINESS TIPS

Entry Strategy

*Supermarkets, Hypermarkets, Warehouse Store*

**Purchase** from local importers

**Current** trend to increase volume of direct imports, avoid increased prices of products from local importers/manufacturers

*Taiwan Importers/Businessmen*

**Usually** has several interests, not just one product line; commonly bring in mixed containers of products

**Continually** seek new products (i.e. new-to-market, new brands, etc.)

**Collect** basic information first for consideration then may place trial order to test the market after further contact

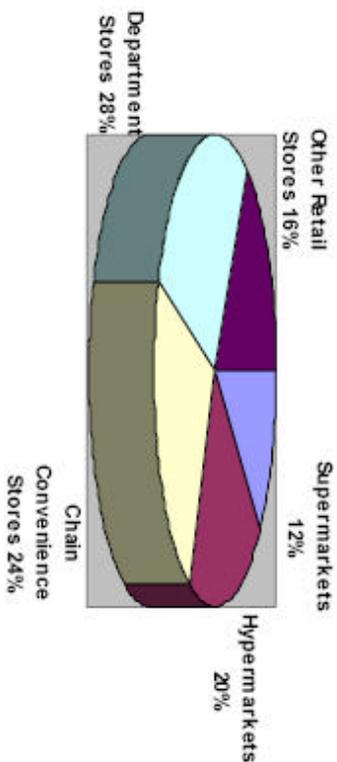
提示

**EXPORTER BUSINESS TIPS**

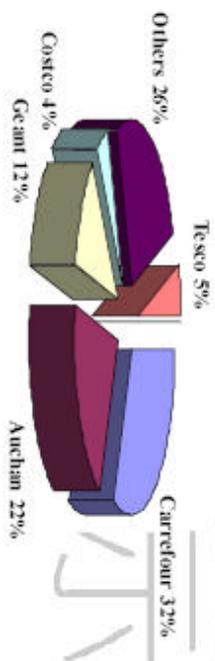


# Entry Strategy

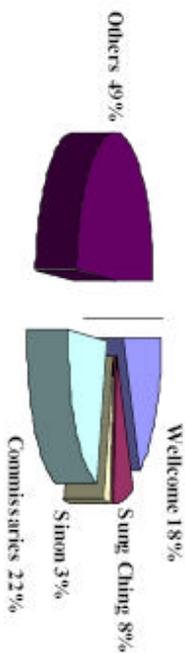
## Retail Outlet Market Share 2004 Total Modern Retail Sales \$21 Billion



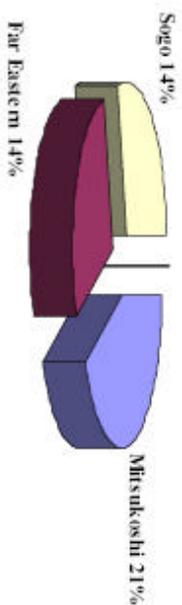
## Market Share 2004 - Hypermarkets Total outlets: 107



## Market Share 2004 - Supermarkets Total outlets: 963



## Market Share 2004 - Department Stores Total outlets: 58



**EXPORTER BUSINESS TIPS**

*Entry Strategy*

*Hypermarkets*

提  
示

Retailer and Outlet Type	Ownership	2004 Sales US\$ Million	2004 No. of Outlets	Locations	Purchasing Agent Type
Carrefour Hypermarket	French/Taiwan	1,555	34 (36)	Nationwide	Direct, importer, wholesaler, agent
RT Mart Hypermarket	French/Taiwan	689	23 (23)	Nationwide	Direct, importer, wholesaler, agent
Almai Geant Hypermarket	French/Taiwan	444	13 (13)	Nationwide	Direct, importer, wholesaler, agent
Costco Warehouse	U.S./Taiwan	239	4 (4)	Nationwide	Direct, importer, wholesaler, agent
Tesco Hypermarket	UK	209	5 (6)	Nationwide	Direct, importer, wholesaler, agent
Taiwan Sugar	Taiwan	-	4 (4)	Southern Taiwan	Importer, wholesaler, agent
Dollars Hypermarket	Taiwan	-	3 (3)	Southern Taiwan	Direct, importer, wholesaler, agent

**EXPORTER BUSINESS TIPS**

*Entry Strategy*

*Supermarkets*

提示

Retailer and Outlet Type	Ownership	2004 Sales US\$Million	2004 No. of Outlets	Locations	Purchasing Agent Type
Wellcome	Hong Kong	-	169 (166)	Nationwide	Direct, importer, wholesaler, agent
Sung Ching/ Marukyu	Taiwan	156	77 (75)	Central/North Taiwan	Direct, importer, wholesaler, agent
Sinon	Taiwan	97	32 (33)	Central Taiwan	Direct, importer, wholesaler, agent
Commissary stores	Taiwan	-	213 (261)	Nationwide	Importer, agent, wholesaler
Taipei Agr.	Taiwan	67	16 (16)	Taipei	Importer, agent, wholesaler
Jasons Market Place	Hong Kong	-	2 (2)	Taipei	Direct, importer, wholesaler, agent
City/Super	Hong Kong	-	1 (1)	Taipei	Importer, agent, wholesaler

**EXPORTER BUSINESS TIPS**

*Entry Strategy*

*Convenience Stores*

Retailer and Outlet Type	Ownership	2004 Sales US\$Mill	2004 No.of Outlets	Locations	Purchasing Agent Type
<b>7-Eleven</b>	Japan/Taiwan	2,421	3,680 (4,000)	Nationwide	Direct, importer, wholesaler, agent
<b>Family Mart</b>	Japan/Taiwan	819	1,700 (1,784)	Nationwide	Direct, importer, wholesaler, agent
<b>Hi-Life</b>	Taiwan	458	1,064 (1,124)	Nationwide	Direct, importer, wholesaler, agent
<b>Circle K</b>	U.S./Taiwan	324	810 (850)	Nationwide	Direct, importer, wholesaler, agent
<b>Niko Mart</b>	Taiwan	146	356 (365)	Nationwide	Direct, importer, wholesaler, agent

提示

**EXPORTER BUSINESS TIPS**

## Entry Strategy

### Initial Contact

**Contact** directly via e-mail or fax

**Prepare** price lists, product catalogues, sample products

### Visit Taiwan

**Personal** relationships and face to face meetings are **very** important in Asian cultures

**Establish** meaningful relationships with potential Taiwan buyers

**Bring** along samples to meetings with potential buyers

**Importers/retailers** rely heavily on seeing and trying real products (not literature) to decide on new products to represent

提示

## EXPORTER BUSINESS TIPS



# Sales & Marketing

## Common Taiwan Marketing Techniques

**Taiwan:** heavily relies on price discounts in promotion strategies

**Weekend/Holiday Promotions** emphasizing free sampling/tasting

**Focus** on market education and sales training to develop brand recognition and consumer preference

*It's All About Health!*

**Consumers** receive a great deal of news about food safety

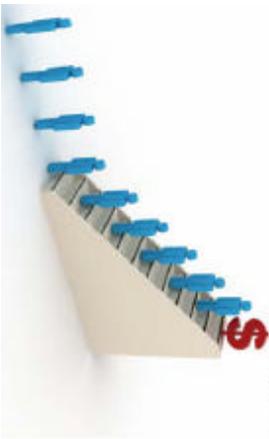
**Opportunities** for companies to promote brand value through safety

**Foods & beverages** providing health benefits can earn retail premiums

**Taiwanese** consumers less concerned about cost when shopping for health beneficial products

提示

# EXPORTER BUSINESS TIPS



## Sales & Marketing

*Regulations to Keep in Mind*

**Strict** product labeling requirements enforced in Taiwan

**Health/nutritional** claim first assessed and approved by Taiwan Department of Health (DOH) prior to inclusion on product packaging

**DOH** labeling requirements, refer to the USDA “Food and Agricultural Import Regulations and Standards (FAIRS)” Report (TW6027) at website: <http://www.fas.usda.gov>

提示

**EXPORTER BUSINESS TIPS**



## Business Customs

**Taiwanese** direct and informal in business approach

**Greetings** and gifts to mark the major festivals (which are also key sales periods)

**Most** popular Taiwanese recreation is eating

Taiwanese counterpart may invite you to lunch/dinner

**Entertaining** is basic tool to influence business relationships

**Like** to see, feel, touch, smell and taste product samples whenever possible



提示

**EXPORTER BUSINESS TIPS**

# Language Barrier?

## Low Barriers

**Do not** need to speak Mandarin or Taiwanese to do business

**Business** counterparts usually speak English, interpreters are easy to find, but written materials more helpful to sales efforts if translated into Chinese.

## Some Tools

**Chinese Pod** (<http://www.chinesepod.com>) offers free mp3 lesson files

**Google's** online language tools ([http://www.google.com/language\\_tools?hl=en](http://www.google.com/language_tools?hl=en)) can help translate materials

提示

# EXPORTER BUSINESS TIPS





# MARKET SECTOR: 2008 STRUCTURE AND TRENDS



市場

# Manufacturing

## *Some Statistics*

**2007** total production value of the domestic food industry approx. **US\$14.2 billion**

**7.8%** growth from 2006

**Food** industry ranks the 4th largest among manufacturing industries

**2007** overall food exports reached US\$1.8 billion,

**2.1%** growth from 2006

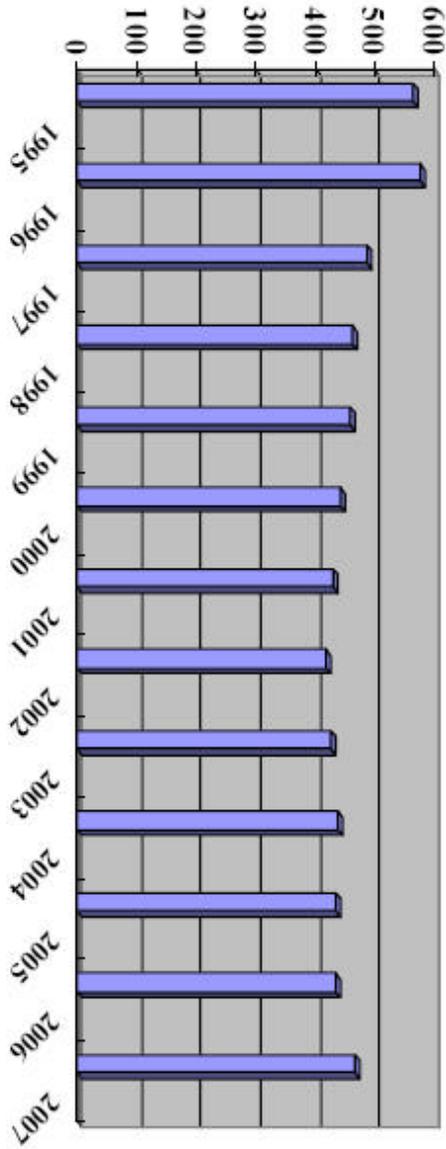
**August 1, 2007**, the Executive Yuan announced tariff reductions on imported food products by **50%**, including wheat, barley, corn, and soybeans

市場

**MARKET SECTOR**



Manufacturing



市場

**MARKET SECTOR**

# Manufacturing

*More Statistics*

Taiwan imported:

- Approx. **US\$2 billion** US bulk agricultural commodities
- US\$429 million** US intermediate food and agricultural products
- US\$22 million** worth of US edible fish & seafood products
- US\$671 million** worth of US consumer-oriented products in 2007

**Sales** of traditional and non-traditional food styles are approx. equal halves of the estimated \$1.8 billion market

- Traditional: cookies, candies, etc.
- Non-traditional: functional foods, health foods, etc.

**Demand** for functional foods concentrated on weight control, skin care and beauty, digestion improvement and regulation of blood lipids is on the rise



市場

# MARKET SECTOR

# Manufacturing

## Effects of WTO Membership

市場

# MARKET SECTOR

**Benefited** domestic food processing industry through market liberalization

e.g. lower input costs, wider variety of ingredients, etc.

**However**, imported finished food products have been taking increased market share from domestically produced products, trend expected to continue

**Taiwan** food processing industry facing vigorous competition in more open market

**Taiwan** food processors establishing production facilities outside Taiwan to take advantage of lower costs and expand global markets

**Recent** tendency is to relocate processing facilities to Southeast Asia



# Retail Food Sector

## A Mature Sector

Food retail industry has entered a phase of maturity

Mergers and strategic alliances will continue to take place over the next few years

Larger chains continue to grow at constant rate  
Small chains have begun to stagnate.

Taiwan's supermarket, hypermarket, and convenience store chains purchase from local importers, wholesalers, and manufacturers

市場

# MARKET SECTOR



### Foreign Operators

- Wellcome – Hong Kong (210)
- Carrefour – France (48)
- Auchan – France (23)
- Geant – France (14)
- Costco – USA (5)

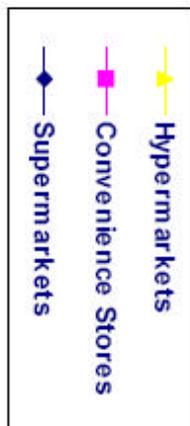
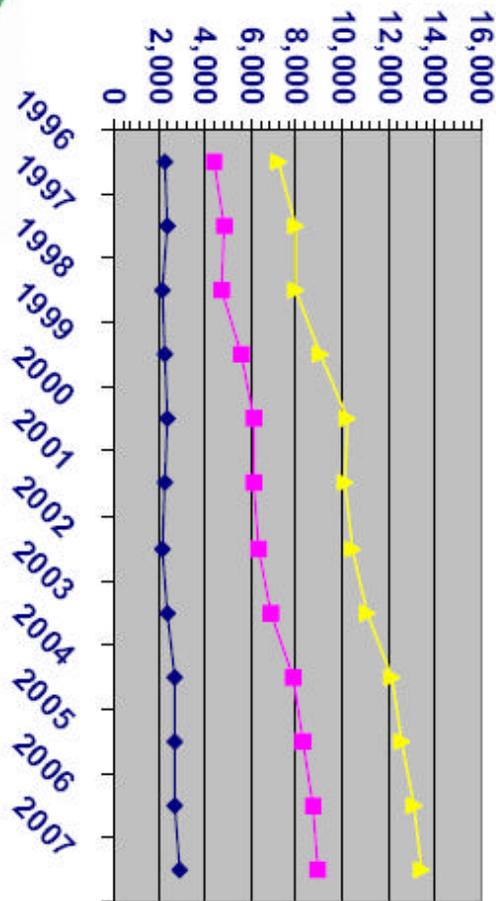
### Major Convenient Stores

- 7-Eleven (4,791)
- Family Mart (2,269)
- Hi-Life (1,223)
- Circle K (830)

\*Number of stores as of May 2008



Sales Value: US\$ Million



Growth of Taiwan's Retail Food Chain Sector

Retail Food Sector

市場

MARKET SECTOR

# Organic Market

**Organic segment** of Taiwan food market growing rapidly as consumers become aware of available products and difference in production methods

**70%** of sales of organic products in Taiwan come from imports

Primarily due to limited domestic production of organic products

**Currently** Taiwan does not require any re-certification for products to be labeled as organic.

**However**, Taiwan will implement its own organic standards in Jan 2009, which may result in additional paperwork for imported organic products

**Organic market** forecast = US \$78 million



## MARKET SECTOR

市場

# Organic Market

## Market Drivers

- Consumer awareness
- Increased availability/wider choice of products
- Expanding retail networks
- Increased investment
- Health scares which have raised awareness of food safety issues

## Organic Market Constraints

- Low consumer awareness of production methods
- High retail prices (40-200% increase) compared to conventional products
- Lax regulations on organic products
- Low consumer trust in domestic organic products
- Large number of organic logos which confuse consumers



市場

# MARKET SECTOR

# Organic Market

## Certification Requirements

**New** government regulations that require organic certification documentation may slow down logistics and severely increase paperwork and costs

**Proposed** new sanitary/phytosanitary inspection documentation seems to require zero-residue tolerance on organic crops besides existing phytosanitary requirements

**Taiwan's** harsh phytosanitary requirements and zero-residue tolerance may result in a ban on many imported organic products.

**ATO Taipei** will work with trade and local organic industry to make sure organic industry is not smothered by proposed new regulations.

For a more comprehensive review of the proposed new regulations, please refer to [TW7052](http://TW7052) on our website at [www.usfoodtaiwan.org](http://www.usfoodtaiwan.org)



# MARKET SECTOR

HRI Food Service Sector

市場

2007 total Taiwan food service sector sales estimated at US\$9.8 billion

Growth over the coming three years is expected to average 5 %

Taiwanese dine outside the home with much greater frequency than most westerners.

Household Dining-Out Expenditure as % of Total Food & Beverage Expenditure

Year	1999	2000	2001	2002	2003	2004	2005	2006
	28.1%	29.0%	29.6%	29.8%	31.0%	32.0%	32.8%	32.9%

Source: Taiwan Directorate General of Budget, Accounting and Statistics



MARKET SECTOR

## HRI Food Service Sector

### *Factors driving dining out:*

1. Small size of apartments
2. High female participation in the labor force
3. A high level of disposable income
4. Restaurant availability

Competition is intense! Innovative promotions with different themes offer market opportunities for U.S. foods.



市場

**MARKET SECTOR**

## *Have Questions?*

Please contact the ATO office! Also check out our website:  
[http://www.usfoodtaiwan.org/!](http://www.usfoodtaiwan.org/)

## *Services We Offer...*

- **Coordinate** umbrella-type USA food promotions
- **Coordinate** chef seminars and chef competitions
- **Assist** with trade missions to USA
- **Assist** with USA Pavilion at Taipei Food Show
- **Develop** market briefs
- **Trade** contact introductions



# CLOSING REMARKS