



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Date:03/15/99

GAIN Report #TW-9020

Taiwan

Agricultural Export Opportunities Report

March 1999

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Market Information:

- Flavored water and 100% fruit juices will become the star beverages this summer.
- Taiwan will allow the entry of liquid milk upon its WTO accession.
- In spite of the overall economic slowdown, Taiwan's coffee consumption grew 20% in 1998, reaching a total consumption of US\$606 million.

New Reports:

- Taiwan Market Brief - Candy
 - Taiwan Food Processing Sector Report
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Includes PSD changes:
Includes Trade Matrix:

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: 1999 Taipei International Food Show
Date: June 9-12, 1999
Venue: Taipei World Trade Center Exhibition Hall
Contact: Ms. Sophia Yang
Exhibition Department
China External Trade Development Council (CETRA)
5 Hsin Yi Road, Section 5
Taipei, Taiwan
Tel: (886-2) 2725-1111 ext. 363
Fax: (886-2) 2725-1314

The Taipei International Food Show is the largest and most popular trade/consumer food show in Taiwan. The 1998 event had a total of 400 participants from 30 countries and attracted more than 50,000 visitors. U.S. companies wishing to participate in the show should contact CETRA directly.

Event: 1999 American Food Festival
Date: September 9-17, 1999
Venue: Taipei/Kaohsiung/Taichung
Contact: Ms. Rena Liu-Belshe
Agricultural Trade Office
American Institute in Taiwan
54 Nan Hai Road, Taipei, Taiwan
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073
<http://ait.org.tw/ait/AGRI/ato.htm>
E-Mail: ato@mail.ait.org.tw

The American Food Festival is an annual food show held in the fall, and sponsored by the ATO/Taipei, U.S. State Trade offices in Taiwan, U.S. market development cooperators, and local importer & exporter associations. This event features only U.S. food and agricultural products and is a "trade only" event. It attracts approximately 1,000 Taiwan traders

and media reporters. Technical seminars will be offered in conjunction with the show. Representatives from the State offices and cooperators are responsible for designing and servicing their respective exhibits and for recruiting U.S. food companies to participate. U.S. companies who wish to participate, but do not have a State sponsor or cooperator association, may participate through the ATO/Taipei. The ATO/Taipei also provides support services and hosts receptions/press conferences in Taipei, Taichung, and Kaohsiung as part of the Festival. U.S. companies interested in participating should contact their State Trade Office in Taiwan or the ATO/Taipei.

B. In-Store Promotions

Event: U.S. Food Festival
Date: June 20-25, 1999
Venue: Far Eastern Department Stores
Contact: Agricultural Trade Office
American Institute in Taiwan
54 Nan Hai Road, Taipei, Taiwan
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073
<http://ait.org.tw/ait/AGRI/ato.htm>
E-Mail: ato@mail.ait.org.tw

Far Eastern Department Stores (FEDS), one of Taiwan's leading diversified companies, will be hosting an American Food Festival in June. FEDS, which was established in 1967, had sales revenues of approximately US\$661 million in 1997. The U.S. Food Festival will be held in 12 FEDS supermarkets and 5 FEDS hypermarkets. U.S. food and agricultural suppliers who are interested in this promotion are welcome to contact the ATO/Taipei for more detailed information about this event.

Event: American U.S. Fruit, Meat, and Seafood Promotion
Date: July 20-25, 1999
Venue: Carrefour 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
<http://ait.org.tw/ait/AGRI/ato.htm>
E-Mail: ato@mail.ait.org.tw

Carrefour Hypermarket Chain is a joint venture of French Carrefour and the President Enterprise Group, Taiwan's leading food company. Since the 1st store opening in 1989, Carrefour has developed a reputation as one of the most aggressive hypermarket chain in Taiwan. Currently, they operate 20

hypermarkets in Taiwan. Carrefour will be hosting an U.S. fruit, meat and seafood promotion in July. U.S. suppliers who are interested in participating in this promotion should contact the ATO for further details.

Event: American Product Festival
Date: End of July 1999
Venue: Ta Lee Isedan Department Store, Kaohsiung
Contact: Agricultural Trade Office
American Institute in Taiwan
54 Nan Hai Road, Taipei, Taiwan
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073
<http://ait.org.tw/ait/AGRI/ato.htm>
E-Mail: ato@mail.ait.org.tw

Ta Lee Isedan Department Store is a joint venture of Isedan Department Store Group of Japan and Taiwan's President Enterprise Group, the largest retail chain in Southern Taiwan. The President Enterprise Group currently owns three "Dollars" warehouse stores, one U.S.-Taiwan joint venture "Costco" warehouse store, six "President" supermarkets, and four department stores, in Southern Taiwan. Ta Lee Isedan Department Store is located in downtown Kaohsiung. The American Product Festival will feature both American food and non-food products during the event. For more information contact the ATO/Taipei.

Event: "American Week" Product Promotion
Date: August 1999
Venue: Dollars Warehouse Stores. Kaohsiung
Contact: Agricultural Trade Office
American Institute in Taiwan
54 Nan Hai Road, Taipei, Taiwan
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073
<http://ait.org.tw/ait/AGRI/ato.htm>
E-Mail: ato@mail.ait.org.tw

Dollars Warehouse Store is affiliated with President Enterprise Group, the largest retail chain in Southern Taiwan. Dollars conducted a very successful America Week promotion in early 1998. This event will be an excellent opportunity to promote new-to-market food & beverages as well as to promote existing brands in the market. U.S. companies interested in expanding into a new retail outlet should contact ATO/Taipei for further details.

C. HRI Promotions

Event: American 4th of July Celebration
Date: Week of 4th of July 1999
Venue: Linden Hotel Kaohsiung
Contact: Agricultural Trade Office
American Institute in Taiwan
54 Nan Hai Road, Taipei, Taiwan
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073
<http://ait.org.tw/ait/AGRI/ato.htm>
E-Mail: ato@mail.ait.org.tw

The Linden Hotel will conduct a U.S. menu promotion in two of its hotel restaurants: the Tivoli Cafe and Le Grill. The Linden Hotel is a five-star international hotel, located across from the Kaohsiung City Hall. U.S. suppliers should contact ATO/Taipei if they need more information about this American promotion.

Event: American 4th of July Celebration
Date: June 17- July 4, 1999
Venue: Grand Formosa Regent Hotel Taipei and Taichung
Contact: Agricultural Trade Office
American Institute in Taiwan
54 Nan Hai Road, Taipei, Taiwan
Tel: (886-2) 2305-4883; Fax: (886-2) 2305-7073
<http://ait.org.tw/ait/AGRI/ato.htm>
E-Mail: ato@mail.ait.org.tw

The Grand Formosa Regent Hotel is a new 5-star international hotel. The American 4th of July celebration, which will take place in two major cities, Taipei and Taichung, will feature various American foods prepared by a guest chef from the United States. U.S. companies interested in this promotion should contact the ATO/Taipei for more detailed information.

II. Key Market Information

General Economy in Brief

— Taiwan's commercial trade revenue reached a record of US\$105.66 billion in 1998, a 5.24 percent increase over the previous year's figures. Retail trade grew by 5.92 percent to US\$69.9 billion, while wholesale trade increased 5.92 percent or US\$35.72 billion. The rise has been attributed to increased consumption as people had more leisure time at hand due to a shorter work week. Reportedly, the proliferation of convenience stores and hypermarkets also contributed to the booming

commercial trade.

Food Market In Brief

Fresh Milk

According to the Taiwan authorities, upon World Trade Organization (WTO) accession, Taiwan may allow 10,649 metric tons of liquid milk to enter during the first year. Over the long run, liquid milk imports are forecast to reach 21,298 metric tons by 2004. Currently, liquid milk can not be imported into Taiwan.

100% Fruit Juices and Flavored Water

Reportedly, flavored water and 100% fruit juices will become the star of beverages this summer. It is estimated that in 1998 total bottled water consumption in Taiwan was valued at approximately US\$91 million, of which 10% was flavored water. Total fruit & vegetable juice consumption was approximately US\$212 million. 100% fruit juices accounted for 15% of the total juice market share, reaching US\$36 million. The Taiwan Association of Fruit and Vegetable Juice Industries predicted that 100% fruit juices will continue to grow modestly at an annual growth rate of 1%-5% over the next five years. Also, industry sources predict an average annual growth rate of 5% for flavored water over the next two years. However, they were reluctant to make a long term forecast for flavored water, as this is a new-to-market item in Taiwan.

Retail Sector

— While hypermarkets tend to be the most price competitive, convenience stores tend to have an advantage in terms of location and hours. Consequently, to survive the fierce competition from these two retail formats, supermarkets have had to add service corners such as shoeshine, laundry, and photo studios.

— Modern western-style retail stores have been present in Taiwan for about twenty years. However, with the explosive growth in convenience stores, supermarkets, and hypermarkets, Taiwan's retail business has entered a new era. Taiwan's retail industry is currently in a strong competition phase which is forcing mergers and greater concentration. It is not unusual to see shelf prices that are below cost in some hypermarkets.

The following table shows the top four hypermarkets in Taiwan with their 1998 annual revenues and number of stores, as below:

	<u>Revenue in millions</u>	<u># of stores</u>
Carre four (French/Taiwan)	US\$1,061	21 stores
Makro (Dutch/Taiwan)	US\$576	7
RT Mart (Taiwan)	US\$424	10
Far Eastern (Taiwan)	US\$333	5

Coffee

In spite of the overall economic slowdown, Taiwan's coffee consumption grew 20% in 1998. It is estimated that the total coffee market reached US\$606 million in 1998. This was mainly due to growing personal incomes and westernized eating habits. As a result, the local coffee industry is gearing up to invest in the coffee market. Seattle-based Starbuck's Coffee now has ten stores after just one year in the market. Starbuck's Coffee hopes to open as many as 200 stores in Taiwan. Other active coffee chains in Taiwan include: Manabe (109), UCC (11), Seattle Coffee (4), IS Coffee (10), Alfa Beta (17), Ikari Cafe (13), Dante (47), and George (16). Currently, there are 270 chain coffee shops in Taiwan, of which 70% are located in Northern Taiwan.

HRI Sector

— The lunch trade is big business for Taiwan's hotel and restaurant industry, reaching approximately US\$303 million in 1998. In general, the average budget for lunch for a working person is around US\$5. However, Taiwan's hotel restaurants and western restaurants provide consumers with a nicer ambience and therefore they can charge approximately US\$11 for business lunches.

— In an attempt to boost revenue during the recession, many of Taiwan's hotels and restaurants have expanded their business to include catering. Industry sources predicted that the catering services of Taiwan's international hotels will grow 6%-8% annually over the next five years.

— Spring is coming. Many of Taiwan's western restaurants are altering their menus. Lobster is one focus during this season. The lobster menu promotions range from US\$18 to US\$76. Other new seasonal menu items include crabs, crawfishes, and other seafood items.

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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>):

- Candy Market Brief
Executive summary, market access, trends in consumption, trade and competition, distribution channels, and Taiwan importers.
- Food Processing Sector Report
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 Fruit & Vegetable
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.

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
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Fax: (886-2) 2305-7073
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<http://ait.org.tw/ait/AGRI/ATO.htm>