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Taiwan

Agricultural Export Opportunities Report

December 1998

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ATO Taipei

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Market Information:

- Taiwan still enjoys the world's third largest foreign exchange reserves - US\$88.07 billion as end of November 1998.
- Frozen dough has good prospects in Taiwan
- Competition among Taiwan's western fast food chains is tougher; McDonald's Taiwan plans to open as many as 300 restaurants in Taiwan by early 1999.
- Taiwan's most promising retail sector, hypermarkets, currently has a total of 96 stores island-wide.

New Report:

Taiwan Food Retail Sector

Includes Trade Matrix: No

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: "Americana" Food and Beverage Showcase
Date: March 10-12, 1999
Venue: ATO Auditorium, Taipei
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 Agricultural Trade Office will organize a special "Americana" Food and Beverage Showcase, March 10-12, 1999. The showcase will feature new and exciting U.S. food and beverage products that offer the quality and innovation associated with the United States. U.S. suppliers who are interested in participating in this low cost event should contact the ATO directly.

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>
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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: American Gift Pack Festival
Date: January 11-15, 1999
Venue: Wellcome supermarkets
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

To welcome the the arrival of the Chinese New Year holiday (the week of February 14), the most important festival in Taiwan and also a peak gift-giving season, the Wellcome Supermarket Chain will be hosting an American Gift Pack Festival in its stores from January 11-15. Wellcome is Taiwan's leading supermarket chain with a total of 95 stores island-wide. U.S. food suppliers can contact ATO/Taipei for more detailed information on this event.

Event: U.S. Fresh Produce Promotion
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>
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Far Eastern Department Stores (FEDS), one of Taiwan's leading diversified companies, will be hosting an American fresh produce promotion in June 1999. FEDS, which was established in 1967, has 12 chain stores in 10 major cities around the island. Total sales revenue in 1997 was US\$661 million. U.S. fresh produce suppliers, who are interested in this promotion, are welcome to contact the ATO/Taipei for more detailed information on this event.

Event: American U.S. Fruit, Meat, and Seafood Promotion
Date: July 20-25, 1999
Venue: Carrefour hypermarts
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 Hypermart Chain is a joint venture of French Carrefour and the President Enterprise Group, Taiwan's leading food company. Carrefour has been the most aggressive hypermart chain in Taiwan since the first store opened in 1989 in Southern Taiwan. Currently, there are 20 Carrefour hypermarts in Taiwan. Carrefour Hypermart Chain 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.

C. HRI Promotions

Christmas Eve Celebrations and Year-End 'Wei Ya' Party Packages — To show appreciation for the good work rendered by the staff during the year, management always hosts a dinner party for the whole company before the lunar year ends (February 15, 1999). Foods served at the 'Wei Ya' party tend to be either western buffets or Chinese style food banquets. However, Western buffets are becoming more popular. Taiwan's hotel restaurants use any occasion to aggressively promote set menus, which are excellent opportunities to promote American foods & beverages. The ATO/Taipei works closely with hotel restaurant F&B managers and executive chefs to introduce American food products and help develop menu selections.

Event: American Festival
Date: June 17- July 4, 1999
Venue: Grand Formosa Regent Hotel
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 5-star international hotel, located in downtown Taipei. The American 4th of July Festival will feature an American band and 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 foreign exchange reserves increased US\$3.83 billion in the last two months, the highest since the Asian financial turmoil began. Reserves as of the end of November reached US\$88.07 billion. Taiwan still enjoys the world's third largest foreign exchange reserves.

Office workers make up the largest group to use the Internet, according to a survey by the local 'Commonwealth' monthly magazine. The survey noted that of the 16.8 million people in Taiwan over the age of fifteen, 2.2 million were Net users this year. Reportedly, 1.2 million described themselves as frequent users. The figures show Taiwan to be second only to Japan in terms of Internet use. 'Commonwealth' predicted that with more corporate and middle-income people joining the ranks of users, there is great business potential in the medium.

Food Market In Brief

Frozen Dough Is Emerging In Retail Market — Frozen dough has been in Taiwan for some time. However, it was mainly sold as a semi prepared food ingredient to restaurants and bakeries. With the growing popularity in western baked goods, industry sources report frozen dough is expected to have good prospects in the retail market too. Frozen dough items that are currently available in supermarkets or hypermarts include pizza, cakes, pies, bread, and various types of cookies.

Coffee Continues To Grow in Popularity — A local newspaper reported that current per capita coffee consumption in Taiwan is 38.5 cups, compared with 1,120 cups in Sweden,

344 cups in Australia, 343 cups in the U.K., 198 cups in Japan, and 140 cups in Korea. It is estimated that the current size of the coffee market in Taiwan is around US\$702 million and

it will continue to grow significantly over the next few years. The two largest Taiwan coffee consumer groups are working people between 20-40 and 40-60.

More and more coffee shop chains have been established in Taiwan. The Seattle-based Starbucks Coffee Co. opened its first store in March and currently has 8 outlets in Taiwan. Starbucks plans to open as many as 200 of stores in Taiwan. The Italian chain IS Coffee plans to expand to 12 stores by the end of this year. Industry sources indicate competitive prices and flavor varieties are the key to success in the coffee business in Taiwan.

Currently, coffee prices range from approximately US\$1 to US\$3 per cup.

More Details on Taiwan's Hypermarts — 'Retailing Mart,' a local magazine, recently conducted a survey of Taiwan's most promising retail sector, hypermarts. The following are the results: (1) the total number of hypermarts by end of this year: 96; (2) most hypermart outlets are centered in Taipei City, Taipei County and Taichung County; (3) hypermarts have spread to all major cities island-wide, except Taitung (a noted tourist destination on the East coast); (4) average number of hours open: 12; (5) average total number of employees in a store: 207; (6) average total number of product items displayed in a store: 14,300; (7) average total number of parking spaces for a store: 397; (8) most aggressive stores: The RT Mart, Carrefour, and Sinon.

Competition among Taiwan's western fast food chains is fierce — In spite of the economic recession, McDonald's Taiwan is still expanding island-wide. McDonald's Taiwan plans to open as many as 300 restaurants in Taiwan by early next year. Not to be outdone, other fast food chains, such as Kentucky Fried Chicken, Churches, and 21st Century, each have set a target of 8-10 additional restaurants for 1999. Reportedly, Taiwan McDonald's purchased approximately US\$130 million worth of raw materials locally during 1998, or 64% of its total purchases. McDonald's Taiwan attributed its continuous sales growth to its local purchase policy.

III. Newly Released Reports

The following updated market briefs are currently available at the ATO/Taipei:

— **Food Retail**

General food retail market, retail outlet structure, distribution channels, factors influencing buying decisions, what retailers look for in judging new products, competition, market trends, opportunities for U.S. exporters, best market prospects, tips for selling to Taiwan importers.

— **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.

IV. Other Information

1998 Best Prospects for Consumer Ready Foods

- Seafood
- Fresh fruits & vegetables
- Organic/Health Foods
- Frozen/micro-waveable foods
- 100% natural fruit & vegetable juices (particularly cranberry, grapefruit, and apple juices)
- Health-oriented (low-fat, high-fiber, and low-cholesterol) snack foods
- Dairy products (i.e. yogurt and ice cream)
- Beef

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>